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JPRS Report

West Europe

SPECIAL NOTICE

Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

The new cover colors will be as follows:

CHINA.....	aqua
EAST EUROPE.....	gold
SOVIET UNION.....	salmon
EAST ASIA.....	yellow
NEAR EAST & SOUTH ASIA...	blue
LATIN AMERICA.....	pink
WEST EUROPE.....	ivory
AFRICA (SUB-SAHARA).....	tan
SCIENCE & TECHNOLOGY.....	gray
WORLDWIDES.....	pewter

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1 JUNE 1987

WEST EUROPE

CONTENTS

POLITICAL

FRANCE

- Views on East-West Relations, Terrorism, Nuclear Weapons
(Charles Rebois; LE FIGARO, 21 Apr 87) 1

GREECE

- Papandreou Advisors Seen Divided Over New Elections
(TAKHYDROMOS, 9 Apr 87) 8
- Change in Rural Vote Preference Explained
(EMBISTVTIKO GRAMMA, 15 Apr 87) 12

NORWAY

- Christian Party Congress Dominated by Talk of Return to Power
(AFTENPOSTEN, various dates) 14
- Renewed Cooperation with Nonsocialists, by Morten Malmo 14
- Bondevik Stresses New Goals 15
- Party Looking to Youth, by Morten Malmo 16
- Paper Views Power Motives, Editorial 18
- Issues Major Concern, by Morten Malmo 19
- Carl Hagen Strengthens Hold Over Progressives at Party Congress
(AFTENPOSTEN, various dates) 22

Blasts Middle Parties, by Thorleif Andreassen	22
Paper: Party Must Choose Sides, Editorial	23
Hagen Pledges Conditional Support, by Thorleif Andreassen	24
Hagen Lists Domestic Goals, by Thorleif Andreassen	25
Defense Minister Holst Attacked, by Thorleif Andreassen	28
Paper Summarizes Congress, by Thorleif Andreassen	28

SPAIN

Spanish Muslim Greetings to Libya (AL-WA'WAH AL-ISLAMIYAH, 18 Mar 87)	31
--	----

SWEDEN

VPK Internal Feud Widens as Deputy Chairman Quits Presidium (DAGENS NYHETER, 25 Apr 87)	32
Dissatisfied With Werner Leadership, by Ake Ekdahl	32
Paper on Party's 'Crisis', Editorial	33

TURKEY

Soviet 'Openness' Contrasted With Bulgarian Minority Policy (Editorial; HURRIYET, 17 Mar 87)	36
Editorial Welcomes USSR Openness (Hasan Cemal; CUMHURIYET, 8 Mar 87)	38

MILITARY

DENMARK

British Deeply Concerned Over Danish Defenses (Nils Eric Boesgaard; BERLINGSKE TIDENDE, 19 Feb 87)	41
Auken Pledges Ready To Cooperate on New Security Agreement (Thorkild Dahl; BERLINGSKE TIDENDE, 8 Feb 87)	42
Defense Ministry Study Group Urges Replacing Centurions (Nils Eric Boesgaard; BERLINGSKE TIDENDE, 12 Feb 87)	46
Damgaard Seen Forced To End Campaign Against Submarines (Leif Blaedel; BERLINGSKE AFTEN, 30 Jan - 5 Feb 87)	48
Parliamentary Official To Study Forces' Crisis Readiness (Bjarke Larsen; INFORMATION, 10 Feb 87)	50

GREECE

Unfilled Air Force Positions (EMBISTEVTIKO GRAMMA, 1 Apr 87)	53
---	----

SPAIN

Government Said Determined To Accelerate Arms Production (Jesus Navares; MERCADO, 1 May 87)	54
--	----

ECONOMIC

DENMARK

Ten Percent Cut in Fishing Fleet Seen Necessary To Save Industry (Christian Palme; DAGENS NYHETER, 27 Apr 87)	65
--	----

FINLAND

Increased Trade With Saudi Arabia Sought (HELSINGIN SANOMAT, 31 Mar 87)	67
Public Opinion Regarding Nuclear Power Changes Little Over Decade (HELSINGIN SANOMAT, 10, 15 Mar 87)	68
Researchers Propose National Plebiscite Increase in Opponents Slight	68 70

SWEDEN

OECD Agrees With Feldt in Seeing Need for Slowing Wage Rise (DAGENS NYHETER, 25 Apr 87)	72
OECD Supports Austerity, by Jan Magnus Fahlstrom Feldt Striking at Consumption, by Sven Svensson	72 74
OECD, Feldt Concerned Over Return of Inflation Pressures (DAGENS NYHETER, various dates)	77
OECD Warns of Trends, Editorial Feldt Adopting New Tone, Editorial Unions Oppose Feldt's Austerity, by Jan Magnus Fahlstrom	77 78 80
Revised Trade Figures Reveal Lowered Surplus in 1986 (Jan Magnus Fahlstrom; DAGENS NYHETER, 30 Apr 87)	82
Extended Testing of Chernobyl Effects (DAGENS NYHETER, 28 Apr 87)	84
Industrial Pollutants Destroying West Coast Forests (Peter Sandberg; DAGENS NYHETER, 29 Apr 87)	85
Briefs Industrial Production Increase Expected	87

TURKEY

Iran Reneges on Oil Exploration Agreement (DUNYA, 24 Feb 87)	88
USSR Natural Gas Sales To Offset Payments to Turkish Builders (DUNYA, 17 Mar 87)	90
New EEC Envoy Arrives (TERCUMAN, 5 Feb 87)	91
EEC Apparel Export Quota Distribution Changed (Seda Oguz; DUNYA, 25 Feb 87)	92
Business Support for Eureka Urged (DUNYA, 17 Mar 87)	94
Trade Relations With Yugoslavia Increase (DUNYA, 26 Feb 87)	95
Islamic Trade Financing System To Become Operational Soon (DUNYA, 17 Mar 87)	97
1986 Trade Deficit Figures Disclosed (DUNYA, 17 Mar 87)	98
Road Construction Projects Detailed (MILLIYET, 17 Mar 87)	100
Principles Set for Private Production of Electricity (DUNYA, 24 Feb 87)	102
Privatization Defended as Economic, Not Political Necessity (Gurkan Dumlu Interview; DUNYA, 24 Feb 87)	105
Mine Operators Complain of Red Tape (DUNYA, 25 Feb 87)	108
National Airline To Be Broken Up, Not To Be Privatized (MILLIYET, 8 Jan 87)	110
Opposition to Thermal Power Plant at Aliaga (DUNYA, 25 Feb 87)	112
Subway Transit System To Connect Bosphorus Shores (DUNYA, 25 Feb 87)	113

VIEWS ON EAST-WEST RELATIONS, TERRORISM, NUCLEAR WEAPONS

Paris LE FIGARO in French 21 Apr 87 p 4

[SOFRES [French Opinion Polling Company] poll; article by Charles Rebois:
"The Rejection of Neutralism"]

[Text] I. France's Action in the World

Question: Do you approve or disapprove of France's action?

	<u>Approve</u>	<u>Disapprove</u>	<u>No Opinion</u>
In Chad	44	26	30
In Lebanon	28	41	31
On East-West relations	45	16	39
On the EEC	68	8	24

II. No Concessions to Terrorists

Question: In order to obtain the release of French hostages in Lebanon and prevent new terrorist attacks in France, do you believe that the French Government should make concessions to the states that support terrorists or that it should refuse to make such concessions?

	<u>All French</u>	<u>Partisan Preference</u>	
		<u>Left</u>	<u>Right</u>
Should make concessions to governments backing terrorists	18	19	17
Should refuse to make concessions	71	70	77
No opinion	11	11	6
	<u>100</u>	<u>100</u>	<u>100</u>

III. Yes to Military Alliance With Europe and the United States

[Question] In order to guarantee France's security, which of the following formulas seems to you to be the best?

	LE FIGARO-- SOFRES Poll November 1981	LE FIGARO-- SOFRES Poll November 1983	April 1987
Participate in a military alliance of West European countries and the United States	35	39	32
Participate in a military alliance of West European countries but indepen- dent of the United States	22	21	28
Participate in an alliance with the USSR	4	2	3
Participate in no alliance, take a position of absolute neutrality	24	26	27
No opinion	15	12	10
	<hr/> 100	<hr/> 100	<hr/> 100

Question: In the years ahead, do you hope there will be a common European defense, including the French nuclear force, or that France will retain a totally independent national defense?

	LE FIGARO-- SOFRES Poll November 1983 All French	April 1987 All French	Partisan Left	Preference Right
Common European defense, including the French nuclear force	47	54	53	63
France would retain a totally independent national defense	39	35	40	32
No opinion	14	11	7	5
	<hr/> 100	<hr/> 100	<hr/> 100	<hr/> 100

IV. Distrust of the USSR

Question: On the whole, do you have a very good, quite good, fairly bad or very bad opinion of the policies of the Soviet Union in the world?

	LE MONDE-Europe 1-SOFRES Poll November 1985	April 1987
Very good	-> 9	1>18
Quite good	9>	17>
Fairly bad	36>59	43>62
Very bad	23>	19>
No opinion	32	20
	<hr/> 100	<hr/> 100

Opinion of USSR Based on Partisan Reference (in Percent)

	<u>Good Opinion</u>	<u>Bad Opinion</u>	<u>No Opinion</u>
PC	45	40	15
PS	19	63	18
UDF	17	71	12
RPR	12	74	14
FN	14	75	11

Technical Data of SOFRES

Poll completed for LE FIGARO, from 7 to 11 April 1987. National sampling of 1,000 persons representing the entire French population 18 and over. Method of quotas (sex, age, profession of PCS head of household) and stratification by region and classification of urban area.

V. "Zero Option" a Trap

Question: Gorbachev has proposed the "Zero Option" to the United States, meaning the dismantlement of the Soviet SS20's and American Pershing missiles in Europe. What is your opinion?

The Zero Option is a good thing because it would mark progress of disarmament.	35
The Zero Option is a trap because it would leave the Soviets with very clear military superiority in Europe.	45
No opinion	20
	<hr/>
	100

Question: If the Zero Option is adopted, do you believe the Soviet Union will leave representatives of Western nations inspect their territory to see that the agreement is being carried out?

Yes, it will let them inspect.	26
No, it will not let them inspect.	54
No opinion	20
	<hr/>
	100

Question: If the Zero Option is adopted, do you hope that France will reduce its nuclear weapons arsenal, increase it or maintain the status quo?

Reduce nuclear weapons	18
Increase arsenal	9
Maintain status quo	61
No opinion	12
	<hr/>
	100

Question: If the Zero Option is adopted, do you hope that France will reduce military spending, increase it or keep it as it is?

Reduce military spending	21
Increase it	12
Keep it as it is	54
No opinion	13
	<hr/>
	100

VI. Gorbachev Does Not Want To "Liberalize"

Question: In your opinion, does Gorbachev want to liberalize the USSR or does he actually not want to change things basically?

Gorbachev wants to liberalize the USSR.	37
Gorbachev does not want to change things basically.	42
No opinion	21
	<hr/>
	100

Question: With respect to American soldiers based in several West European countries, do you hope they will stay in West Europe because they are a guarantee of protection or that they return to the United States because they contribute to international tension?

That they stay in West Europe because they are a guarantee of protection.	46
That they return to the United States because they contribute to international tension.	36
No opinion	18
	<hr/>
	100

VII. Good Opinion of the United States

Question: On the whole, do you have a very good, quite good, fairly poor or very poor opinion of the United States' policies in the world?

	LE MONDE-Europe 1-SOFRES Poll November 1985	April 1987
Very good	4 >	2 >
Quite good	39 > 43	41 > 43
Fairly poor	22 >	31 >
Very poor	5 > 27	8 > 39
No opinion	30	18
	<hr/>	<hr/>
	100	100

Opinion of United States Based on Partisan Reference (in Percent)

	<u>Good Opinion</u>	<u>Bad Opinion</u>	<u>No Opinion</u>
PC	20	66	12
PS	31	52	17
UDF	63	24	13
RPR	67	21	12
FN	59	27	14

Question: More specifically, do you believe that in the months ahead, Gorbachev will:

	<u>Yes</u>	<u>No</u>	<u>No Opinion</u>
Free all political prisoners in the Soviet Union	13	69	18
Withdraw Russian troops from Afghanistan	12	65	23
Authorize Soviet citizens to leave the USSR with their families if they wish	24	58	18
Tear down the Berlin Wall	5	78	17
Authorize Eastern countries to move closer to democracy	39	40	21

Rejection of Neutralism

Major events have recently occurred on the world scene. Mikhail Gorbachev's overtures in the field of disarmament have constituted the most spectacular element. What do the French think of the new international scene that is shaping up, often beyond their borders, but which concerns them greatly nevertheless?

The answer to this question as provided by the poll conducted by SOFRES for LE FIGARO contains no real surprise. One could quite rightly point to a consensus on foreign policy. The most recent data have changed nothing. Protected by its deterrent force, whose security role can never be overstressed, France has forged a shield enabling it, rightly or wrongly, to follow international vicissitudes with some degree of serenity, even when the nuclear arsenal is at the heart of the debate.

Protected by these convictions, public opinion gives massive approval to France's European policies. Everything points in that direction: prospects for 1992 which, with the signing of the Single Act, update and give greater reality to the demands of the Common Market; the evolution in East-West relations, which should help strengthen ties within the EEC; and the feeling of an opportunity missed for 20 years and trying to make up for lost time.

In affairs in the strictly national domain, opinions are more highly shaded. Without a doubt because of successes won against the Libyan invader, France's action in Chad gathers majority support. The same is not true with respect to Lebanon where, confronted with the excesses of Islam, France, like its Western allies, beats a retreat, leaving a friendly country, profoundly

influenced by its civilization, self-destruct. Our feeling of impotence is heightened by our inability to obtain the release of our hostages. France has a heavy conscience, but what can be done that has not been tried already?

There is at least one point on which public opinion is steadfast: It does not believe that in order to obtain the release of our hostages and prevent new terrorist attacks that the government should make concessions. It would not have liked Abdallah to be released so as to spare us more bombings. But one may ask the question of whether public opinion would have reacted so inflexibly in September, when the bombs were sowing death in Paris!

Whatever the importance of these problems, the immediate situation has relegated them to a secondary level since the USSR has sought to show a new face and Gorbachev has played the card of disarmament. Confronted with this new situation, the French reason with common sense. For 32 percent of them, the best defense consists of holding the most trump cards in its hand, meaning participating in a military alliance with both Europe and the United States. Only 28 percent would accept going without the Americans and 3 percent would participate in an alliance with the USSR.

One particularly significant fact: Despite changes in the position of some of their allies, the French still reject the neutralist temptation just as resolutely. Protected by their nuclear shield, they never did give way to it, but this attitude of rejection contrasts with the resurgence of influence of the Greens in Germany.

Nor is this behavior dictated by any selfish reflex. The French generally favor a common European defense and are even willing to pay dearly for it, including the French nuclear force in it. But that solution, which would bring Germany into the camp or at least the sphere of nuclear powers, would definitely spark a strong reaction from the USSR.

In the face of such a reaction, no naivete is permitted. The French make no mistake about it, for the overwhelming majority retains a bad opinion of Soviet policy. They welcome Gorbachev's overtures with great skepticism. In their opinion, the Zero Option, meaning the dismantlement of the Euro-missiles, is a trap because it would leave the USSR with a very clear military superiority in Europe. Furthermore, how could one believe that the Soviet Union, whose entire policy is based on a narrow concept of secrecy, would allow representatives of the Western nations come to its territory to make inspections and verify that the agreement is being carried out?

France might perhaps consider that it is not concerned by this aspect of American-Soviet negotiations, since its nuclear weapons are on a higher level with the strategic missiles and, on the lower level, with short-range nuclear weapons. But if the USSR should persist in including nuclear arms for the battlefield in its proposals, then Paris could no longer stand aside.

Let us consider only the Zero Option, the easiest to carry out, if not the least formidable, because it implies partial disengagement of the United States. Andre Giraud, minister of defense, has spoken of a "European Munich." If it is adopted, 61 percent of the French ask that our nuclear weapons be maintained.

Distrust of USSR

That arsenal is, with respect to its existing and future elements, implicitly considered to respond to our needs and our means. Only 9 percent hope it will be increased and 18 percent that it will be reduced. A fine homage to the defense doctrine begun by General de Gaulle!

The authors of the military programming law just passed by Parliament should also be satisfied. The defense effort corresponds to the wishes of the French.

There remains the question affecting all others: Does Mikhail Gorbachev truly want to liberalize the USSR? Some 37 percent of all persons questioned think so, but 42 percent believe, on the contrary, that the Soviet leader does not want to change things basically. One will agree that he is introducing more democracy in the USSR, but as for freeing all political prisoners, withdrawing Russian troops from Afghanistan or tearing down the Berlin Wall, that is another matter!

Distrustful of the USSR, the French retain, on the other hand, their good opinion of the United States. Neither Irangate nor the casualness of the Rejkjavik negotiators has tarnished the American image. And yet, 12 percent of those polled who had no opinion on American policy in 1985 have a bad opinion today. Is it their fear of seeing the protective umbrella disappear or their irritation over certain trading practices? The political prejudices of the left with regard to American society more certainly explain these few reservations

Moreover, for most people, the presence in several West European nations of American soldiers represents a guarantee of protection. Their withdrawal is not desired.

These indications are comforting. Whether it be a question of foreign policy or the defense policy, with the latter commanding the former, the French bear witness to a great sense of national interest. In political language, one could speak of a consensus.

Between the prospect of a "European Munich" and culpable fatalism, they are keeping a cool head. By choosing to rely on themselves first and foremost for their defense, they have taken out insurance for the future.

11,464

CSO: 3519/118

PAPANDREOU ADVISORS SEEN DIVIDED OVER NEW ELECTIONS

Athens TAKHYDROMOS in Greek 9 Apr 87 pp 10-11

/Text/ During the discussion between Mr A. Papandreou and NEA in Larisa, the news item was: "We are not going for elections".

This became evident when the prime minister did not limit himself to denying the election rumors and saying clearly and categorically that the elections will be held in the summer of 1989, but said as a reminder: "Make a note of that".

With this reminder of his, Mr A. Papandreou wanted to call attention to two things: 1) He wants to quash rumors about elections that immobilize political life and deteriorate the government with underground vibrations. 2) He wants to show the consequence in the timetable he has drafted. And indeed, the timetable provides for elections in the summer of 1989. Only, not all of his colleagues in the government and the party adopt the same view.

Those in Favor

Those "in favor" of the timetable claim PASOK should not lose two years in power at any rate.

They claim that the present time is not favorable for elections because the economic situation has hurt the wage earners and has had an adverse effect on small businesses and shops.

These high ranking members believe that by 1989 "the economy will recover" and that "increases in salaries will be allowed again" and that "the less privileged classes will breathe".

The basic supporter of the timetable is the minister of National Economy, Mr K. Simitis. Mr Simitis believes that if elections are held now, there have to be popular measures in the economy and that will call for the end of his policy that provides for a "two year stabilizing economic program".

But three more top ranking officials of PASOK are also for the timetable: Messrs A. Tsokhatzopoulos and Giorgos Gennimatas and Mrs Baso Papandreou.

These officials believe that the party mechanism of PASOK does not have the respective state of preparedness to cope with a preelectoral campaign. And this view is supported by observations of other officials who see that the efforts to reform the Movement did not get the expected results. And this because many organizations show a dissension image in two pieces, controlled by followers of Tsokhatzopoulos and followers of Gennimatas.

Indeed, at this time, in the organizations of PASOK there is a lot of agitation regarding the tendencies that develop in the parties. The most important of these tendencies - that is to say, the one that is most visible - is the "Gennimatas point". Many PASOK officials gather around Gennimatas for political (ideological) and emotional reasons. These officials wish to remain faithful to the declaration of 3 September and oppose the pregnant new manifest.

Furthermore, they are the officials who saw Gennimatas expelled from ministries twice, even though he did substantive work.

The followers of Tsokhatzopoulos, however, have been disturbed deeply by this movement of Mr Gennimatas. "He has opened his wings too much", it was said of him. And it was predicted that "they will be cut off soon".

This story has disturbed Kastri very much. Both because there is a new tendency in the party and because accusations are being made against the environment of the prime minister.

This climate found its means of expression at this time by rumors about elections. It is a friction point in the Movement. The followers of Gennimatas get started on the chapter of elections rumors and discuss it (for the sake of discussing it) and close with the political conclusion that it is not in the interest of the party to open up the voting booths now.

Generally, the supporters of the timetable point to the unfavorable results of student elections (even though they were expected).

And I say "expected" results of the student elections, because PASOK had the message during the time the schools had their gatherings. I mention the indicative example of a speech that was not made at the Polytechnic School. Mr Tsokhatzopoulos was the designated speaker. But, when he went to the amphitheater, he found only 25 students who were willing to hear his speech. As a result of this, he did not speak.

These and other incidents gave PASOK the message that the time is not suitable for elections.

Those against

An. Livanis, G. Alevras and G. Kharalambopoulos are putting a lot of pressure on Mr A. Papandreou to "hold elections here and now".

The view of the "troika" is that at this time a very favorable climate has been developed for PASOK. They base this view of theirs on the fact that public opinion has been impressed by the handling of the Greek/Turkish matter. The avoidance of war between Greece and Turkey because of "Sismik" brought about a general relief that politically worked favorably for Mr. A. Papandreou and PASOK.

It is exactly this favorable reaction of public opinion (the electorate) to the handling of this matter that the three top ranking and absolutely trusted colleagues of the prime minister want to exploit.

The supporters of the premature elections also make the following argument: "The economy is not expected to get better even in the next two years. What better thing are we waiting for in 1989?".

They note that at this time, elections are beneficial for PASOK for another reason: That the leader of ND, Mr Mitsotakis, is being tried because of his unfortunate statements regarding drilling in the Aegean. Indeed, these statements brought about a strong reaction, not only by the officials of ND, but also by the party base that saw how risky the "Mitsotakis doctrine" was in the case of the Aegean crisis.

Furthermore, there was a strong unrest among the Karamanlis followers because Mr Mitsotakis left Mr Karamanlis without protection in the Berne matter that was exploited thoroughly by PASOK.

The fact that the Turks also used the Berne Treaty as an argument in their favor, politically hurt Mr Karamanlis and his array. Mr Mitsotakis did nothing (or at least was not very convincing) to correct the adverse impressions that the re-kindling of the subject had on public opinion.

Many middle and lower ranking officials of PASOK are with the "Kastri troika".

That is what is being supported by those who say that "now is the chance" to reform the party and get it ready for elections that "should be held without fail this summer". These officials contend that elections must take place now, because "there is no rival at the left". They say "we have cornered the KKE" and that "Kyrkos' vehicle is not moving".

Certain officials of the government also agree with these observations. For this reason they do not miss a chance to support the idea of premature elections.

The "No"

The prime minister took all of these "pro" and "anti" arguments under consideration and said: "No elections now". And he stated that emphatically during a conversation he had with one of his colleagues in Kastri. One of them told me after this meeting: "He is absolutely against the elections".

And Mr A. Papaddreu wanted to bring out his position in a clear and categorical statement he made in Larisa. So that the government and the party can quiet down. As well as the electorate.

9346

CSO: 3521/117

9346

CHANGE IN RURAL VOTE PREFERENCE EXPLAINED

Athens EMBISTVTIKO GRAMMA in Greek 15 Apr 87 pp 9-10

/Text/ The political attitude of the rural population recently has come to be the center of attraction of public opinion, resulting from the Kileler holidays and the elections in rural cooperatives.

During the elections of the past 5 years, the rural areas became the electoral forts of the two large parties.

This became evident from the results of the rural electoral districts during the euroelections of 1984 (PASOK 43.8%, ND 39.7%) and during the national elections of 1984 (PASOK 47%, ND 42.2%). For the conservative/liberal array, the powerful electoral strength in the rural districts is the continuation of a historic reality.

On the contrary for PASOK, the higher than average percentages in the rural areas are not connected with the past. This was evident in 1974, as well as 1977, when the percentages of the government party were larger in the urban and suburban areas than in the rural and semi-rural areas.

So, if one wants to explain the secret of the government party's success in this area, he must examine more closely the "coincidental" political variables. As an example, in December 1984 the farmers were giving the following answer to the question: "The PASOK government is the first government in a long time to be interested in people like myself that live in small towns and villages".

I agree absolutely	:	12.5%
I rather agree	:	43.8%
I neither agree nor disagree	:	25 %
I rather disagree	:	6.3%
I disagree absolutely	:	0 %

The personal financial situation, the tangible interest of every government in the "forgotten Greece" and the "air of victory", are some of the main "coincidental" electoral variables that influence the rural districts that played a definite role in the PASOK victories of 1984 and 85.

Today, the first results of the elections in the cooperatives show that PASOK's strength is on the decline and that its total losses automatically pass to the honorable opposition. Of course, since there is no central service for the processing of the results, the calculation of the tendencies cannot be done accurately, while no party covers the cooperatives totally with its performance wherever elections were held. It is clear, however, that the ND that just was going over 25% in the previous election, is somewhere between 52% (that it claims itself) and the 37% (that PASOK gives it). In other words, it has climbed 15-20 percentage points in an electoral area where:

The election of an opposition administration usually is caused by ill-treatment of the cooperative and its members by the government services.

Running for office on the opposition party ticket means the candidate was ill-treated by the administration of the cooperative in the performance of his agrarian activities.

Ideologically and practically, he has been used by the government party as a basic lever for furthering his influence in rural areas.

What is the conclusion? Up to 1985 and partly during the municipal elections of 1986, PASOK lost the "mobile" candidates of the urban centers, but maintained its strength intact in the rural districts. The inability of the ND to penetrate the disappointed, but hard "anti-right" mass of the rural centers, was since considered as an indicator of exhausting its electoral potential that was calculated by government analysts on the basis of its urban potential to be 42%-44%.

Nevertheless, no one considered that until then there was no mobility of any great extent in the rural districts (that more or less had the smallest percentage of hard "anti-rightists"). In other words, the strength of PASOK in these districts was exactly its great weakness, because it includes a significant percentage of voters who could easily turn to the ND. Something that was not true in any way in the cities. Today, some of these mobile voters appear to be going to the other camp, changing the political map at the same time. Exactly how much of a change will occur from this mobility will become evident when the elections of the top ranking cooperatives are over. At that time we will have both conclusions for the present and sure predictions for the future. (Th.S.S.)

9346

CSO: 3521/117

CHRISTIAN PARTY CONGRESS DOMINATED BY TALK OF RETURN TO POWER

Renewed Cooperation with Nonsocialists

Oslo AFTENPOSTEN in Norwegian 21 Apr 87 p 3

[Article by Morten Malmo: "Christian People's Party Has Selected Partners"]

[Excerpts] "The Christian People's Party has not chosen cooperating partners for eternity. Before the 1989 elections we are obligated to have an unprejudiced discussion on these questions. In the meantime I cannot see anything today that would call for another choice of cooperating partners after the 1989 elections. The Christian People's Party will have the best effect by cooperating with the Conservative Party and with the Center Party," Party Chairman Kjell Magne Bondevik told AFTENPOSTEN. On Thursday the party begins its national congress in Kristiansand.

The Christian People's Party is now convinced that a new nonsocialist government must come. There will probably be little discussion of this at the national congress.

On the other hand the delegates, who will gather in Frikirken's offices in Sorland's capital, know how to ask for the policy a new nonsocialist government must conduct. Such demands will appear in the form of proposals on policy toward children, environmental questions, local politics, and health policy.

Cooperation

In addition, the Christian People's Party Youth will try to begin a discussion on future models of cooperation in Norwegian politics. The leader of the Youth, Svein Konstali, said right out to VERDENS GANG in "the quiet week" that the most important thing is not with whom the party cooperates, but what the party cooperates on. He also spoke for a more pragmatic attitude toward these questions.

The party leadership has little sympathy with this line.

Children in the Spotlight

"Children, our future," is the title of the manifesto on children's policy that the national congress will adopt. Here demand is repeated for a new abortion law and opposition to the government's bill on artificial insemination. The manifesto also calls for consideration of partial community building requirements for kindergartens. This can become a controversial question at the national congress.

Furthermore the party will have a pedagogical offer for all six-year-olds by 1990, and it wants instruction time for pupils in the first grade to be extended to 20 hours a week.

The Christian People's Party has chosen to hold its national congress in a section of the country in which the party is strong. In the country the party now has the support of about eight percent of the voters, but in the "gentle southland" it is different. In Aust-Agder the party received 14.6 percent in the 1985 elections. In Vest-Agder 17.9 percent. But the party had a decline in both these counties in the last election.

Bondevik Stresses New Goals

Oslo AFTENPOSTEN in Norwegian 24 Apr 87 p 3

[Text] Kristiansand, 23 April. The Christian People's Party wants not only a power shift and a new nonsocialist government. The party's national congress also demands that a new government conduct a new policy. Party Chairman Kjell Magne Bondevik stressed that conversations among the three parties have taken the right path. Former party leader Kare Kristiansen in the meantime gave a clear signal: "Now the die is cast! Now we are dealing with the distribution of political power in the 1990's!"

In his speech to the national congress delegates Kjell Magne Bondevik stressed that the Christian People's Party does not just want an alternative because they believe a nonsocialist government can handle the economic problems better than the Labor Party. "We are not just interested in doing a better job. We must look at dimensions beyond this," Bondevik said as he received applause.

For Eternity?

Even though Bondevik stressed the will to cooperation on the nonsocialist side and wished for a power shift, he also added that the party has not chosen cooperating partners for eternity. Svein Konstali, the leader of the Christian People's Party Youth, said that the most important thing is not with whom the Christian People's Party cooperates, but what it cooperates on. "We must take a pragmatic attitude about whom we cooperate with," he said.

Kare Kristiansen thought this discussion was hardly productive and said: "With such respect the Christian People's Party has, with such a program we have, and with such leaders we have, we are duty-bound to enter a governing position! The die is cast! If there is no change now, there will perhaps be no change in this

period. If the Labor Party is allowed to continue, it may gain support. Then the Labor Party may win a crashing victory in the 1989 elections. It is actually the power distribution of the 1990's that is at stake now," Kristiansen said.

Strong Demand

Several speakers in the debate at the national congress stressed the need for a new nonsocialist government to conduct a leveling-out policy, to make changes in the tax system, and perhaps most important of all, to place the question of values on the agenda.

Former cabinet minister Egil Aarvik, who is a guest at the national congress, made a glowing appeal for more effort to help the underdeveloped countries. "No sin cries out so loudly to heaven as the sin the rich world is committing against the poor world. No sin is so blood-red!" he said.

The Districts

In his national congress speech Bondevik asked that a new district policy be put into effect. He said that among other things special measures should be adopted for Finnmark, that the arrangement for supplementary funds to local accounts be expanded, and that stress be placed on government support for competence-raising in business activity in regional Norway. The former minister of church and education also wanted reforms in the financing of studies to give the districts "new impetus." He suggested that young people should be offered a refund of study expenses if they accept a "commitment time" in current districts.

Party Looking To Youth

Oslo AFTENPOSTEN in Norwegian 25 Apr 87 p 3

[Commentary by Morten Malmo: "Can Youth Save Christian People's Party?"]

[Text] Increased support among the youngest voters can become the Christian People's Party's salvation. A change of mood among young people who are seeking solid positions is taking place at the same time that the traditional Christian party is becoming much more pragmatic and flexible than it was just a few years ago.

As late as in the Storting elections of 1985, 18 percent of the women over 60 voted for the Christian People's Party. Only two percent of the male voters under 20 did the same. The party's youth problem is obvious. In the meantime, new signals indicate increased support among young people, thanks perhaps to the active work Christian organizations are doing in youth groups.

Election researcher Hilmar Rommetvedt of the Rogaland Research Institute in Stavanger has studied the basic material for the opinion polls that were taken after the change in government a year ago. He says that this material indicates that the Christian People's Party now has greater support among young

people under 25 than the party has in the group between 25 and 40. Previously the opposite was true.

"What we see here can be a change of mood that may be connected to the active work that organizations such as Tensing are doing. Here we find a more moderate life style than the traditional Christian life style. In the meantime we must correct for one factor: It is not as certain as before that Christian faith causes young people to vote for the Christian People's Party," Rommetvedt pointed out.

Sees the Problem

The leadership of the Christian People's Party sees the problem clearly. In his speech to the national congress Thursday afternoon, party leader Kjell Magne Bondevik said clearly that the party's support among young people is bad. "We have not succeeded in creating a political profile that to a sufficient degree catches the problems in our society," Bondevik said, and added: "We must not act so that people think we are only concerned with family and sexual ethics."

Bondevik himself stresses the presentation of the Christian People's Party as a healthier, more outgoing, and pragmatic party than his predecessors in the chair. Today the national congress itself will answer whether it is prepared to increase youthful participation in the party leadership. Dagfinn Hoybraten is up for election as the second vice-chairman. Kristin Aase Bergem wants to join the party's central committee. Both are nominated by the election committee, both have been leaders in the Christian People's Party Youth, and both represent the "new Christian People's Party," a more roomy party without the joykiller characteristic.

Values

At the same time that the Christian People's Party wants to make itself more appetizing to youth groups, the party is also fighting a battle to have political questions of value placed on the agenda. In today's political debate the rate of price rises, the pressure of taxes, consumption growth, and national product are ghosts. "It is not percentages, kroner, and ore that are the main problems in our society," Bondevik said Thursday.

Hilmar Rommetvedt, who is following the Christian People's Party's national congress in Kristiansand because he is working on a study of party coalitions, says of this: "When the Christian People's Party received over 12 percent in the elections of 1973 and 1977, the abortion debate was at full tilt. Now the economic questions are almost completely dominant, and such things are hardly appropriate to mobilize Christian People's Party voters. If the Christian People's Party manages to convince people that Christian morality is the best way to combat AIDS, the party can benefit from that. Also if it focusses on artificial insemination."

Toward a Change?

In the 1950's the Christian People's Party played a sort of "bridge-builder role" between the blocs in Norwegian politics. Since the government crisis in 1963 the party has characterized itself as a clearly nonsocialist party. Nevertheless the party in the Storting has cooperated with the Labor Party on economic policy, as for example before the elections in 1981 and during the budget negotiations last fall. It is also important to note that the party removed itself from participation in government in 1981 because of the abortion law.

In 1983 the liberal abortion law was not a hindrance for governmental participation by the Christian People's Party. Nor is it now. In recent weeks the party has been a driving force on the nonsocialist side. This in spite of the fear that a majority in the Conservative Party will help the government to pass the law on artificial insemination.

This shows that the Christian People's Party, at the same time that it asks for a debate on the question of values, has become more pragmatic. Whether the party has now sold its "first birthright," as the old ones in the party once warned against, is a debate that will come up again and again. At any rate it is a fact that a voting defeat in the Storting no longer means a closed door. On the contrary, the Christian People's Party is knocking at the door and wants into the governing quarters. At any rate the party leadership has no special wish to remain outside. The Christian People's Party has realized what power means.

"If one studies the MMI poll DAGBLADET published at Easter, one sees that 81 percent of the Christian People's Party voters want a three-party government. MMI made a similar measurement for the Conservative Party in December of last year. There 76 percent of the party's voters wanted such a government, election researcher Hilmar Rommetvedt pointed out.

Paper Views Power Motives

Oslo AFTENPOSTEN in Norwegian 25 Apr 87 p 2

[Editorial: "Map and Terrain"]

[Text] Why in the world should they change the government? They are clearly doing well as things are! "They" are here not the Norwegian people but the middle parties, which supposedly are having their policy put through by letting the Labor Party do it for them. An Oslo newspaper that is selling this idea finds it "impossible" to understand that there will be in the near future "any natural reason for a change in government." This, the newspaper explains, is looking objectively at the situation.

Now it is at the same time an objective fact that three nonsocialist parties are sitting in actual negotiations on the basis for a change in government. There is therefore a possibility that the newspaper mentioned, and others that

express similar points of view, have not correctly understood the situation, neither the political nor the economic one.

First the economy. One speaks as if it were all right and that the rate of exchange were correct, but of course the opposite is the case. This becomes clearer each month. Norway has double-digit inflation, and the price rate is increasing. (The government has calculated, and the budget is made in anticipation, that it will sink.) Pressure for loans is as strong as ever, while the government has proclaimed a cooling-off and a belt-tightening. The deficit in the balance of payments is growing, with a new, frightening jump in the most recent figures. According to the plans, the deficit should be less.

The only thing that is not growing is production. The fact that stock prices are rising is unfortunately no proof that Norway has regained competitive ability; the new "record" lies in real value 15-20 percent under the real value of stocks in the top year 1985.

It has therefore become convincingly clear for those who will see that the policy must be changed, with stronger limitations on expenditures and greater efforts at stimulation. Is this not an "issue" that is worth the cooperation of three nonsocialist parties, and large enough to cause a change in government?

And then to politics: Is it really true that the Labor Party is conducting a middle party policy, while the Conservative Party wants to have "a more expressly conservative policy," and that the Christian People's Party and the Center Party must prefer the former to the latter? VERDENS GANG says this. Well, why then does the Christian People's Party's national congress want a new nonsocialist three-party government? Because the Christian People's Party is now realizing that there is a significant difference between a party's influence inside and outside a government. And because a series of problems, not the least with legislation on the question of values, would have been averted at the very beginning if the three parties had been sitting together in the government.

It is said that where the map does not agree with the terrain one must keep to the terrain. To be sure one has, as cited above, given proof that a change in government is theoretically unthinkable. But it may be that reality will pay no attention to this.

Issues Major Concern

Oslo AFTENPOSTEN in Norwegian 27 Apr 87 p 3

[Article by Morten Malmo: "Strengthened Party Profile in Christian People's Party"]

[Text] "The resolutions of the national congress have given more ballast to negotiations with the Conservative Party and the Center Party, but the resolutions have not to a decisive degree made such negotiations more difficult," party leader Kjell Magne Bondevik said after the Christian People's Party's national congress that was concluded Saturday. In the coming week the leaders

of the Conservative Party, the Christian People's Party, and the Center Party will meet for new discussions.

The Christian People's Party's national congress in Kristiansand has to a significant degree strengthened both the party's profile and the demands the party leadership must take along to negotiations with the Conservative and Center parties. Party Chairman Bondevik himself said at a press conference Saturday that at the national congress the party profiled its district policy, environmental policy, its health and social policy, and its position on help for underdeveloped countries. Bondevik said he is ready to fight for the demands and resolutions the national congress has made.

Too Expensive

In answer to the question of whether the sum of the demands the party now has arrived at may simply be too high, Bondevik reminded people that the Conservative Party is prioritizing tax relief and that the Center Party is strongly emphasizing district policy and welfare payments.

"Our demands are not more expensive than the demands the other two parties have made," Bondevik concluded.

Insemination

The debate at the national congress has shown that in the Christian People's Party there is very little satisfaction that the Conservative Party representatives in the Storting are given a free hand when the government's bill on artificial insemination is handled. Bondevik said Saturday that this issue has already been brought into the three-party negotiations. It is expected that this issue will be brought to a conclusion in the Storting before there is any real change of government. The issue will therefore not become any decisive hindrance for the Christian People's Party if the possibilities for a power shift arise.

A lively episode occurred at the national congress when the leader of the Christian People's Party Youth, Svein Konstali, gave party leader Bondevik a large cowbell with a yellow ribbon to have around his neck with the following words: "We don't know which way you will go now, but wherever you go, we will follow."

After the national congress Konstali expressed strong scepticism to AFTENPOSTEN about the ongoing negotiations between the three parties. "I am not enthusiastic about what is happening. It is unacceptable if the Christian People's Party gives up the demands for reform the national congress accepted in order to reach a compromise with the other two parties," he said. But the debate at the national congress showed that Konstali has little support in the party for his scepticism on cooperation.

Objective Sollie

"She is objective, calm, and has good judgment." This is what the Christian People's Party says about its new first vice-chairman, Solveig Sollie. She beat the more charismatic Reidun Brusletten in the fight to become Kjell Magne Bondevik's new next in command.

Solveig Sollie has been a regular Storting representative for almost two years. In Lovebakken she is a member of the social committee. In 1984 she became the leader of the Christian People's Party women. Forty-eight-year-old Sollie has her home address in Skien, and she is a member of the organization of home missions.

At the national congress she expressed great fear of what the government's bill on artificial insemination can lead to.

The Rebel

If Solveig Sollie is quiet and sober, this is not the characteristic that best fits the third man in the party's leadership troika, Jon Lilletun. In comparison to Sollie, he is the purest rebel, a really colorful character in the Christian People's Party. He is glib, vigorous, and speaks right out. At a press conference Saturday Lilletun showed that he can also put on the brakes. He had previously expressed scepticism about cooperation with the Conservative Party, but right after he was elected he had no critical remarks about the ongoing discussions. "I support the party's position one hundred percent, and I think there will be a change in government before summer," was the message from the 41-year-old who lives in Vennesla, where he is the community business consultant. At the Christian People's Party's national congress party Friday he announced to the whole world that he is from Voss by singing a declaration of love to his birthplace.

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CARL HAGEN STRENGTHENS HOLD OVER PROGRESSIVES AT PARTY CONGRESS

Blasts Middle Parties

Oslo AFTENPOSTEN in Norwegian 21 Apr 87 p 3

[Article by Thorleif Andreassen: "Progressive Party: Nonsocialist Clarification"]

[Text] The local election platform will be a main issue at the Progressive Party's national congress in Skien this coming weekend. But there is no doubt that national politics will characterize the national congress. The three former governing parties will be asked to finish their discussions and to present a conclusion. Besides this, there will probably be a steady note that the Conservative Party must make the following message clear to the Center Party: "Either you are with us or against us."

Among the Progressive Party's elected spokesmen there is a widespread bitterness toward the middle parties. This is because these parties do not consider the Progressive Party "housebroken" enough to cooperate with.

The fact that our outstretched hand has been swept aside has been registered, it is said in the innermost party circles.

The tax report will be an issue at the national congress. In particular it will be said that the Tax Commission's position has not been followed up by the government in the easing of marginal taxation gotten from savings in reduced transfer to economic activity.

Holst

Private Hospital, Inc., a stop in new business in the Oslo district, and the conflict between Holst and Bull-Hansen are matters the delegates will use in their criticism of the Harlem-Brundtland government.

Also the health service and care for the elderly are areas that will be used to fire against the government. "The party thinks that the Labor Party has abandoned its promises made when it was in opposition. At that time there was no limit to what would happen when the Labor Party came into a governing position. But this has not happened," it is said.

The form drawn up as a Norwegian international ship register is joked about in Progressive Party ranks.

Quiet

It seems to be a widespread opinion that there will be a quiet and undramatic meeting in Skien. From many areas it is pointed out that the Progressive Party has had its amount of inner conflict and disunity. But of course one can never know in this party. A few years ago there was a hard debate on whether the Progressive Party should be a serious party or a protest party. This conflict now seems to have been settled as something in between.

New Vice-Chairman

There can be a debate on Anne Beth Moslet's successor as political vice-chairman. The election committee has nominated Pal Atle Skjervengen of Oslo. He is considered by many to be a crown prince in the party. Party Chairman Carl I. Hagen is not up for election.

The proposal for local election platforms will not include much that is new. One wants to privatize or partially privatize community services, return jobs to ideal organizations, and put community projects out for bids.

Policy toward the elderly is central in the Progressive Party's local election platform. Also in services to the elderly one favors private bids.

Strategy

It is not known what the party's election campaign strategy will be. A campaign committee is supposed to turn over a secret weapon to Carl I. Hagen. But we will not learn about it, because the weapon is packed up very well and will not be presented until 25 May.

Paper: Party Must Choose Sides

Oslo AFTENPOSTEN in Norwegian 22 Apr 87 p 2

[Editorial: "To Choose Sides"]

[Text] When the Willoch government was defeated last year it was because the Progressive Party joined with the Labor Party in the decisive vote. Therefore it is timely to ask whether the same fate can hit a Presthus government. The probabilities speak against this, not the least because the Progressive Party will be obliterated at the next crossroads if something similar happens again. But Party Chairman Carl I. Hagen constantly talks as if anything can happen: "We cannot promise to change our vote in a matter important to us."

Here one faces a problem not just for Norwegian politics (as the Storting is now composed), but also for the Progressive Party itself. Hagen does not seem to understand correctly that politically engaged people can hardly take the

Progressive Party seriously as long as the party does not take itself seriously. The fact that many are afraid of what the Progressive Party will do is not the same as having respect for it.

Hagen's party wants to exercise influence, just as all other parties want to do, and this is fine. By being placed "in the balance," by making the difference between a majority and a minority, the Progressive Party has had the chance in this period to say yes or no to governments. But the party has not realized that such an exercise of power has its clear limits. The parties capable of governing cannot permit the country to change governments as often as the party leaders change shirts. Therefore they try to stabilize the situation as well as they can. This will lead, among other things, to the Progressive Party sitting alone on its side of the see-saw, and not at all as as distributor of weight at the balance. The result will be isolation, not influence.

The Progressive Party must therefore choose sides like all the rest. And after one has chosen, one must remain there. This means to be on the same side both in bad weather and in good, not just when a (nonsocialist) government does things that are pleasant from Hagen's point of view, but also when the government has to take a step backwards or go around. Such situations occur regularly; reality seldom allows one to follow a policy along a straight line.

Now with some years behind it the Progressive Party should take time to see whether the results actually meet expectations. It is always a mini-party in voter support, at the edge of parliamentary elimination. And it has removed itself from the debate in which parties influence one another through positions in arguments and not just by strength of vote. The explanation may be what is the most dangerous: that fewer and fewer know what the party actually stands for. And that the party leadership does not have a clear idea about it itself.

Hagen Pledges Conditional Support

Oslo AFTENPOSTEN in Norwegian 23 Apr 87 p 3

[Article by Thorleif Andreassen: "Lukewarm Progressive Party Support for a New Government"]

[Text] Carl I. Hagen promises that the Progressive Party will not vote for a general lack of confidence proposal against a Presthus government. He points out that it is quite possible to defeat the Harlem Brundtland government now by proposing general lack of confidence in the policy it is conducting. "We are considering introducing a lack of confidence proposal in connection with a revised national budget, but first we want to see what the government has planned," Hagen said.

At a press conference yesterday the Progressive Party chairman made it clear that a Presthus government cannot count on automatic support if there is a cabinet question. "We cannot promise to change our vote in a matter important to us," he said.

"Socialist"

Hagen said that the Christian People's Party and particularly the Center Party have moved strongly in the socialist direction. The party chairman did not hide the fact that he thinks the Center Party belongs in the socialist camp.

"Why push the Center Party into the arms of the socialists when you think that a Labor Party government is the worst thing we can have?" he was asked.

"I am not pushing, but I am calling the Center Party what the party is."

Carl I. Hagen did not have great expectations for a new government in which the middle parties will also participate. "I am not particularly optimistic with the thought of the policy that will be carried out. With the Conservative Party in such a government it would however be somewhat better than with a Labor Party government.

Bills

Hagen proposed three private bills yesterday. One was to remove the law on the establishment of business, which he said was in conflict with Paragraph 10 of the Constitution, which reads: "New and constant limitations on economic freedom will not be permitted to anyone in the future." With his bill Hagen hopes to remove the stop on business establishment in the Oslo area.

The party chairman has also introduced a bill to remove the law on property tax. He said that the Conservative Party, the Christian People's Party, and the Center Party proposed in 1975 that the law should be removed in the course of a five-year period. "Presthus said at the time that property tax was a holdover from the time of barter."

Furthermore Hagen proposes that the communities no longer have the legal authority to force the inhabitants to use a renovation regulation that they themselves do not wish to use, together with open access for private companies to compete with community renovation companies.

Hagen Lists Domestic Goals

Oslo AFTENPOSTEN in Norwegian 25 Apr 87 p 3

[Article by Thorleif Andreassen: "Hagen Calls for Struggle Against 'The New Upper Class'"]

[Text] Skien. Fourteen years have gone by since the establishment of Anders Lange's protest party 8 April 1973. It was formed as a result of the general dissatisfaction with rising tax pressure. Four years later the party was dissolved. The Progressive Party took over. Also a protest party, which it continues to be in essence.

Today the party has a complete program, but the basis is the same as in Anders Lange's party. The party chairman made this clear in his national congress speech yesterday evening: "Our main goal is the same as Anders Lange formulated it so brilliantly in 1973, namely the fight for strong reduction of taxes, duties, and government intervention!"

Scepticism of political rule. Lack of confidence in public operations. Good will toward private activity and increased competition. This was the clear line in Hagen's speech on the struggle against what he called the overpowerful state.

New Upper Class

The party chairman expressed strong warnings against "the new upper class" in Norway: "They are politicians and bureaucrats. They generally do an extremely bad job. Let us reveal the falseness in the socialist claims that the public sector can rule well. That it can control and organize so-called community services. How many times have you heard the following claim: "This area is so important that society must take over the responsibility for a responsible offer and an acceptable organization."

Seducers of the People

Hagen does not think that the politicians and the bureaucrats are best suited to perform operations. Quite the contrary!

"Unfortunately it is in the most important areas that the treachery in public organization is greatest. The best and saddest example of the complete and total lack of ability on the part of the bureaucrats to solve people's problems is the sector the seducers of the people claim they give first priority, namely the health sector and care for the elderly.

Ineffectiveness

The Progressive Party chairman said that the Norwegian health service is being run according to the economic principles that Communist China has abandoned and that Mikhail Gorbachev is now abandoning in the Soviet Union. "We all know ineffectiveness in a communist planned economy. So it is not strange that our health service and our care for the elderly are bad. Both sectors are being run according to dogmatic communist principles," he claimed.

Lines of Patients

Hagen said that the proof stares us in the face daily in newspaper columns and in NRK. Great shortages and lines of patients speak their clear language, the party chairman said, as he strongly urged competition and freedom of choice, within the health service as well. "Therefore in order to hide the truth from the voters the upper class (politicians and bureaucrats) refuses to allow private companies and organizations to compete with the monopoly-protected public companies," he said.

Competition

Hagen wondered whether Prime Minister Gro Harlem Brundtland found it more ethical to let the old and the sick die in politically created lines than for companies and person to earn money to make people well or to give the elderly a good and worthwhile old age.

"Is it moral to use money for ocean sailing ships while I am not allowed to use my money to pay for a possibly necessary operation for my mother? Why should society have the benefit of expanded competition in some less important social areas but be denied the benefit of competition in some of the most important -- namely health service and care for the elderly?" an engaged Hagen asked. He wants to allow private companies into the health service with the same payment from Social Security.

"We also want the sick and the elderly to benefit from competition and have the right to choose themselves who will deliver health services and care for the elderly," he said.

The delegates to the national congress in Skien will approve a local election platform in which better options for the elderly are paramount. In a resolution proposal from South Trondelag it was proposed to request the government and the Storting to change the priorities for public expenditures so that more can be channeled to the elderly and to those needing care.

Plebiscite

In another resolution proposal it says that a third of the representatives in community government and in county legislatures could demand that a decision be presented to the voters for final decision through a plebiscite.

Distinctive Party

With quiet in the ranks at the national congress, the leadership hopes for a unification on what the delegates agree upon. The past is frightening. If the party is to achieve its ambitious goal of a repetition of the election results of 1983, it cannot afford internal strife. In the last local elections the Progressive Party achieved 450 wins throughout the country.

But nothing is certain when this party meets for a national congress. The Progressive Party is a special plant in the Norwegian party flora. What other party chairman would have lost in a ten thousand kroner question on something so easy as, "How many members are there in your party?" Only Carl I. Hagen would have lost. There is no central membership list in the main office. Local units say that the number of members is not the business of the leaders, but their own.

Defense Minister Holst Attacked

Oslo AFTENPOSTEN in Norwegian 25 Apr 87 p 10

[Article by Thorleif Andreassen: "Hagen Says Holst Should Resign"]

[Text] Skien. Carl I. Hagen sharply criticized Johan Jorgen Holst's attempt to gag Defense Chief Fredrik Bull-Hansen. "We tolerate the truth about defense. But we do not tolerate a defense minister who tears down the Norwegian defense forces. It is Holst who should keep his mouth shut. The best thing would be for the country to get a new defense minister," Hagen said.

It was at the Progressive Party's national congress yesterday evening that Hagen directed his shot against Defense Minister Holst. "The defense of the country, which is the basis of our freedom as a nation, is declining in such a way that the defense chief is loudly sounding the alarm. When such a professional and specially qualified defense chief says that the structure -- the Norwegian defense forces -- can collapse, Holst tries to get Bull-Hansen to be quiet. Think of a building inspector who warned of a building construction to prevent the building from collapsing being met by the contractor and the insurance company with the same message!

Hagen thought it was just as stupid and even more irresponsible when it has to do with something so important as preserving the basis of the country's independence and security. "We will not forget the lesson of the Labor Party's broken rifle policy. We want to assure the country independence and freedom. Therefore we want to strengthen our foremost peace movement, namely the defense forces," Hagen said.

Paper Summarizes Congress

Oslo AFTENPOSTEN in Norwegian 27 Apr 87 p 3

[Article by Thorleif Andreassen: "Hagen Has Full Control in Progressive Party"]

[Text] Skien, 26 April. No one above. No one beside. Carl I. Hagen remains the front figure of the Progressive Party. The party chairman's position in the Progressive Party has been further strengthened after the national congress in Skien. But the delegates are demanding a new and better marketing of the party's policy. Fewer political causes. Better marketing for them. A softer and more human profile was desired by many.

The national congress debate was to a great extent characterized by attack on other parties. The Conservative Party was particularly exposed to attack. It was claimed that this party did not stand for as marked a nonsocialist policy as could be desired, and that the Progressive Party will not be a yes-man for the Conservative Party. A few delegates threw the Conservative Party's platform from the speaker's platform and called it pornography.

New Government

The national congress wants a new government, but will only support it if it conducts a nonsocialist policy. The Progressive Party itself will decide what nonsocialist policy is. The main mood of the delegates was that the Progressive Party is an alternative to the other political parties.

The Progressive Party puts the individual person into focus and wants to combat what it calls the new upper class, politicians and bureaucrats. It wants to open the door to privatization and competition in all areas of society.

Crisis Center

"The Progressive Party is a crisis center for mistreated taxpayers," the party's newly elected vice-chairman, Pal Atle Skjervengen of Oslo said. "Here we have no competition from other parties," Skjervengen said. He was elected by 69 votes over the challenger John Alvheim of Telemark. Knut Pay of Royken withdrew his candidacy after having tested the waters in the corridors of the Ibsen Hotel where a little district clash took place. One feared too strong an Oslo dominance in the party leadership. Under strong pressure the Telemark man Alvheim stood as Skjervengen's challenger, but received "only" 41 votes.

New at the Top

Carl I. Hagen did not stand for election. Hroar A. Hansen of Drammen was reelected as organizational vice-chairman. New central committee members are Solfrid Nilsen of South Trondelag, Harry Jensen of Nordland, and Ola O. Ingvaldsen of Rogaland.

Moslet Out?

Yesterday Anne Beth Moslet resigned as political vice-chairman of the Progressive Party. Today it is not unthinkable that she will leave the party. Her wish to achieve greater breadth and more seriousness in the Progressive Party was unsuccessful. "I am not bitter. I really feel relieved," Moslet said in a conversation with AFTENPOSTEN.

"I still believe in the main content of the Progressive Party's economic policy: more market economy, less planned economy, and privatization of public activities.

"I feel that the Progressive Party cannot market these ideas and be taken seriously. One is more concerned with retaining a protest position than I thought the party had abandoned the year before I joined. I thought I had been elected to a party that had gone away from a policy of discontent and protest to become a party that would be taken seriously."

Moslet will no longer be politically active in the Progressive Party.

"Will you join the Conservative Party again?"

"I want to work from a free vantage point. If I choose to remain independent, I will prefer not to be a member of any party," Moslet said. She wants to travel to London to visit market economy institutes.

"I want to find the facts for myself and see the results of privatization and market economy solutions and take the results home with me in my suitcases. I must work in a positive spirit, not with negation, discontent, and protest."

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SPANISH MUSLIM GREETINGS TO LIBYA

Tripoli AL-DA'WAH AL-ISLAMIYAH in English 18 Mar 87 p 2

[Text]

The Andulesian Islamic Society and the Andulesian - Libyan Brotherhood Society, sent a cable to the World Islamic Call Society congratulating the Libyan People on the occasion of the Tenth Anniversary of the proclamation of the People's Authority and the establishment of the First Jamahiriya in history. They stated in their cable that : On this occasion, we extend our warmest greetings to you and through you to the Libyan Muslim people on the occasion of

the Tenth Anniversary of the proclamation of the establishment of the People's Authority, as a result of which the Libyans have become the only people in the world who enjoy freedom and sovereignty, at a time when peoples of the world suffer under all kinds of oppression and servitude.

Also, they expressed their full support and solidarity with the Great Jamahiriya, the citadel of freedom, the country that sponsors the free whenever they are.

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CS0: 3500/5

VPK INTERNAL FEUD WIDENS AS DEPUTY CHAIRMAN QUILTS PRESIDIUM

Dissatisfied With Werner Leadership

Stockholm DAGENS NYHETER in Swedish 25 Apr 87 p 13

[Article by Ake Ekdahl: "Cooperation Problems in VPK]

[Text] One of the two deputy chairmen of the Left-Communist Party [VPK], Viola Claesson, a Riksdag member from Goteborg, officially informed the party's election committee on Friday that she will be leaving the party presidium in connection with next month's party congress.

Cooperation problems with party leader Lars Werner and dissatisfaction with the representation of women on the party's board are the direct reasons why she is leaving after only one period in office.

After a demonstration of dissatisfaction with Werner's leadership at the 1984 congress Claesson and Bertil Mabrink, VPK's group leader in Riksdag, were named deputy chairmen in a move to divide up the party's leadership functions.

As there is still criticism of the party leadership prior to this year's congress, Claesson's defection has aroused great irritation in some party circles. It is weak to lack the courage to shoulder her share of responsibility for the party leadership when things start getting rough again, in the view of members of the Riksdag group.

Dislike

Claesson's decision to leave the party leadership is part of the internal conflicts that accelerated in VPK prior to the party congress. It is not unusual for factions in VPK to revive old antagonisms as a congress draws near. This time discontent with Lars Werner's leadership is widespread at the upper level of the party, while Werner still commands a sufficient level of confidence among the party organizations and the voters.

The criticism of Werner is unstructured so far and the critics have been unable to agree on an opposing candidate. Werner still has a certain

"luster" and attraction for voters as VPK leader but there is a deep dislike of the way he is handling his job as party leader among his closest colleagues.

Today, Saturday, the election committee begins its work for the congress. In the preliminary nominations Werner received indications of support from several strong districts, including Goteborg, Stockholm and Skane. At this point his continued mandate seems assured. Riksdag member Jorn Svensson is prepared to challenge Werner if the congress is willing. Svensson has some support among the members of the election committee.

Werner and the VPK leadership have also been criticized internally for being too friendly with the Social Democrats. That is part of the explanation for the demonstratively harsh words that are currently being exchanged between VPK and the Social Democrats in Riksdag.

The VPK people who are now working for Werner's departure and a renewal of the party come from different groups. Two main groups can be described in simplified terms as environmental communists who place a high priority on energy issues, cultural policy and women's issues on the one hand and a more orthodox group with close ties to union activity and heavy industrial jobs on the other. Both are dissatisfied with Werner's middle-of-the-road approach to Riksdag politics.

Paper on Party's 'Crisis'

Stockholm DAGENS NYHETER in Swedish 25 Apr 87 p 2

[Editorial: "What Would VPK Be Without Werner?"]

[Text] The Left-Communist Party is in the middle of a crisis that could peak at the party congress at the end of May. The party is split ideologically, it has slipped in the polls and there is disagreement over personnel questions. Discontent with Lars Werner is so great that he is being openly challenged by Jorn Svensson. Cooperation problems with Werner are also being cited as the reason why Viola Claesson is resigning as deputy party chairman.

Before the last party congress--2 years ago--similar antagonisms were revealed. Then too Riksdag members Jorn Svensson, Bertil Mabrink and Lars-Ove Hagberg stood out as critics of Lars Werner. The result then was that Bo Hammar resigned as party secretary while Werner was unanimously re-elected. Since then the tactics of Werner's opponents seem to have been based on forcing his supporters out of the leadership.

It was obvious at the last congress that the antagonisms concerned more than personal questions. Werner's opponents, most of whom represented predominately industrial counties, stood for more traditional communism and union struggle. In their eyes the party leader and the Riksdag group had been too willing to compromise with the Social Democratic government and

have neglected to agitate with sufficient force against its bourgeois-tinged economic policy.

Werner may be more highly regarded now by Social Democrats than he is by many communists; at any rate it is obvious that he would rather reach agreements with the government than attack it from the Riksdag rostrum. And as no one believes Werner could oppose a Social Democratic government on really sensitive issues, he must also be prepared at times to reverse his position--this was especially evident following last fall's debate on collective associations.

There scarcely seems to be any real party strategy any more. VPK failed to attract anti-nuclear power supporters after the 1980 referendum and later on it was unable to appeal to the dissatisfied Social Democrats behind the "Dalar revolt." The party has been weakened organizationally and it has had dwindling support among younger voters who did not experience the years around 1968. Lars Werner has had to settle for being the leader of a 5-percent party that has its biggest opportunity to exert influence when the government is unable to get support from any of the nonsocialist parties. This, however, puts VPK in an awkward position; from the party's perspective this involves only marginal improvements in a policy that it basically rejects.

Ideologically Werner has been unable to take over C-H Hermansson's leadership role. The contradictions that existed on various issues of principle have been left unresolved, even after those most loyal to Moscow left the party. In recent years work on a new party program has shown that old divisions on such matters as the view of party history and the Soviet Union still exist. Opinions on how Marxism should be applied in present-day Sweden range all the way from a concept of their own ideology as "indisputable" to a less domatic approach that more closely resembles Italian Eurocommunism.

The party program proposed by the party board hardly contains the renewal an earlier working program commission was striving for. It is true that some phrases in the current program that are objectionable from a democratic viewpoint have been removed, but the changes are more cosmetic in nature as the board still adheres to Marxism-Leninism's mechanical concept of history as an irrevocable process. Socialism is to be voted in by a popular majority in a general election, but nowhere does the proposed program indicate that such a decision could be reversed and capitalism reinstated. On the contrary, it states that democracy cannot be fully realized without socialism; the party's opponents could be disposed of that simply if VPK was in a position to decide.

The reasoning is familiar from Jorn Svensson's book, "You Must Seize Leadership and Power," in which he argues that after the revolution socialism's opponents should be prevented from presenting their opinions and especially from putting them into practice. Replacing Werner with Svensson would consolidate ideological dogmatism in VPK as well as ousting the party's

only drawing card in favor of a person who has shown in a conspicuous way that he combines talent with a lack of political judgment.

As a result of such a change VPK could drop out of Riksdag; ironically this might also lead to a nonsocialist government in this country. VPK would probably rather try to keep going with Lars Werner.

6578

CSP: 3650/124

SOVIET 'OPENNESS' CONTRASTED WITH BULGARIAN MINORITY POLICY

Istanbul HURRIYET in Turkish 17 Mar 87 p 5

[Editorial: "Bulgaria, USSR and Turkey"]

[Text] CPSU General Secretary Mikhail Gorbachev's policy of "openness" has not had the same effect on USSR's satellite nations. Deprived completely of any popular support and relying fully on the presence or proximity of the Red Army, the communist regimes are naturally concerned about this openness in the Soviet Union no matter how flimsy it may be. However, among the Soviet satellites in Europe, the country that has been least affected by the policy of "openness" is Bulgaria.

How can Bulgaria be made to end its policy of repression against its Turkish minority? It is evident that Bulgaria feels insecure because of its Turkish minority. Why is Bulgaria so uneasy about its Turkish minority, when Turkey has repeatedly declared that it has no claims on the Turkish minority in Bulgaria or on any Bulgarian territory and has only demanded that its neighbor fulfill its obligations to the Turkish minority in accordance with international treaties? This uneasiness can have no other reason than the uncertainty of the communist regime about its future.

If Bulgaria ~~continues~~ to pursue its policy of repression against its Turkish minority, the incompatibility of this policy with the reform movement Gorbachev wants to institute in the Soviet Union will become increasingly more evident. Neither Bulgaria nor the Soviet Union can ignore such a contradiction.

This is Turkey's only opportunity to save the Turkish community in Bulgaria from repression quickly. Consequently, Gorbachev must be reminded that the inhuman pressures applied to the Turkish minority in Bulgaria constitute a refutation of his policy of openness. Such reminders must be sounded constantly and persistently.

The Western press, which expends vast amounts of ink to document the plight of each intellectual suffering in Soviet jails, labor camps and asylums, has unfortunately not shown one-tenth of that interest toward an entire community. It is Turkey's most basic right to demand from our Western allies—who feel

compelled by their fine conscience to show mercy to even traitors who believe anything is fair in their attempts to annihilate the Turkish Republic--to show adequate concern for the Turkish minority in Bulgaria.

Has Turkey demanded this? Of course it has. But the response it has received is that Western delegates have adequately defended the Turkish position in various international conferences.

In truth, that support is inadequate. Because the said conferences are nothing but the well-known manifestations of diplomatic formalities. What is needed is that the Western nations prove that they consider the predicament of the Turkish minority in Bulgaria at least as important as a single Sakharov.

They must state constantly and persistently at high-level bilateral talks and summit meetings that unless this issue is resolved Gorbachev's policy of openness will not and cannot be credible.

9588

CSO: 3554/214

EDITORIAL WELCOMES USSR OPENNESS

Istanbul CUMHURIYET in Turkish 8 Mar 87 pp 1,13

[Editorial by Hasan Cemal: "What Is Happening in the Soviet Union?"]

[Text] What is happening in the Soviet Union? What does CPSU General Secretary Mikhail Gorbachev want to change in the Soviet system and why? What may be the implications of the Soviet leader's "successes" or "failures" on East-West relations?

Western circles have been searching for the answers of these questions for some time. Because Western observers can now be said to be unanimous about taking Gorbachev's policy of "openness" seriously. Conversely, there is one point on which these circles do not agree: What posture must be taken with regard to the developments in the Soviet Union? Various different proposals have been put forward on this issue. In a commentary published in today's edition of CUMHURIYET-MAGAZINE, Michel Tatu, LE MONDE's East-West relations expert, summarized these different approaches as follows: "Should the West help Gorbachev? If so, how should it do it? Is FRG Foreign Minister Hans-Dietrich Genscher right when he says: 'In order to accelerate the evolution in the Soviet Union we must try to influence it and we must help its implementation.' The dilemma is obvious. I would like to offer several conflicting observations on this matter.

"Firstly, everyone who believes in the West's democratic and pluralist system must agree that 'what is happening in the Soviet Union today' is more reassuring than what was happening under Stalin or Brezhnev. In addition, what is happening in today's Soviet Union is more exciting than the 'stagnancy' period when nothing happened under Konstantin Chernenko. From that standpoint one cannot but feel sympathetic toward Gorbachev.

"However, my two other observations point in the opposite direction. Given that Gorbachev's goal is not to tear down communism but to make it more efficient--in terms of spreading Marxist ideology--is it not more reassuring in the long run to live with the 'stagnant' and conservative communist bureaucracy of Brezhnev and Chernenko rather than with a modernized and dynamic Soviet Union?

"If Gorbachev succeeds in his endeavors, would we, for example, be happy with competition from a new and modern Soviet Union instead of a less-developed consumer which needs the West's wheat and industrial products?

"Now let us turn to the third observation. When a totalitarian system opens up even partially and moves toward economic reform, it will soften up its foreign policy. An environment of peace abroad is needed for domestic reform. Reform cannot proceed in conjunction with militarism and expansionism. For example, as China instituted reforms at home in recent years it improved its relations with many countries including the Soviet Union. This view is also shared by Andrei Sakharov. The well-known Soviet physicist declared: 'A more open and democratic Soviet Union is a great assurance for peace.'"

LE MONDE's columnist views the reforms Gorbachev has undertaken sympathetically in general and believes that what is being done is important. On the other hand, there are those who are wholly opposed to this approach. Chief among them is former U.S. Secretary of State Henry Kissinger. In an essay in NEWSWEEK magazine, Kissinger notes:

—With his reforms, Gorbachev plans to modernize the Soviet system and to narrow the gap with the West in the area of technology.

—He needs Western capital and technology to accomplish this task.

—In addition, he would like to reduce defense spending and to channel resources to advanced technology and the needs of consumer society.

—In conclusion, Gorbachev will do some political window-dressing to fool the West but he will not make any substantive changes in the essence of the Soviet political structure.

Kissinger says: A Soviet Union which has renewed itself with the help of the West will become a greater "peril" in the future. Consequently, the financial and technological aid the Soviets want must be withheld until fundamental changes are made in its political system.

Kissinger's remarks are disputed by others who say that Gorbachev will one day be a "Soviet Dubcek." Meanwhile, some excessively optimistic liberal circles see in Gorbachev's reforms a movement toward a pluralist democracy.

Debates over developments in the Soviet Union, one of the world's two superpowers, and the airing of different views is extremely natural. It would be surprising if such differences did not occur.

On the other hand, one cannot deny the fact that numerous changes and improvements have taken place in political, economic and cultural areas in the Soviet Union since the time Gorbachev took over the leadership of the country.

The goals of this policy can be enumerated as follows: to resolve and to alleviate the problems stemming from a rigid bureaucracy; to remedy the

unproductivity in industry and agriculture; to expand the availability of consumer goods; to bridge the technological gap with the West; and to relax to some extent the restrictions limiting creativity in art and culture.

Some Western observers insist that because of these domestic goals, Gorbachev needs to "soften" Soviet foreign policy abroad. It is said that he will need to have an "environment of peace" abroad to have "reform" at home. Gorbachev's offer last week to President Reagan to withdraw intermediate-range missiles from Europe is evaluated within this context.

One cannot tell at this time how far Gorbachev's policy of "openness" can go. But that policy must be taken seriously. We hope that the reform movement in our northern neighbor will revive the "detente" process which has stalled to a halt in the last few years. The importance of a "relaxation" in East-West relations for world peace is self-evident.

We believe that a period of genuine detente will help Turkey in many areas including its economy, its national security and its democracy.

9588

CSO: 3554/214

BRITISH DEEPLY CONCERNED OVER DANISH DEFENSES

Copenhagen BERLINGSKE TIDENDE in Danish 19 Feb 87 p 6

[Article by Nils Eric Boesgaard: "Deep British Concern Over Danish Defense"]

[Text] House of Commons committee in Copenhagen: "Great Britain does not wish to use the rumors of the withdrawal of British NATO reinforcements as pressure, but does not understand how we can afford to pay our soldiers so princely instead of purchasing materiel for the money."

"Great Britain is deeply concerned about developments in Danish defense." Defense Minister Hans Engell said yesterday after a meeting with the British House of Commons Defense Committee.

"The British are totally uncomprehending of the fact that such a small part of the defense budget goes to materiel replacements and that we pay our soldiers so princely. They said that if they had to pay their soldiers such high salaries they would have to abolish half of the armed forces," the defense minister added.

The British visited the United Command's headquarters in Karup on Tuesday and met yesterday with Foreign Affairs Minister Uffe Ellemann Jensen, the defense minister, the Folketing's 11-man committee, and representatives of the Armed Forces Command.

The visit had been decided on long before the plans to abolish the 13,000-man British UKMF reinforcement brigade were mentioned. However, that the British government's ideas came to occupy a prominent place in the discussions could not be avoided.

During the conversations at the Defense Ministry, there was clear expression of the fact that further reduction of the Danish armed forces in coming years would be a very negative development in the opinion of the British, and during the meeting with the 11-man committee there was no sympathy for the Social Democratic theories concerning a so-called nonaggressive defense.

"It is not a question of the Britons' wanting to threaten or penalize Denmark. The ideas concerning the reinforcement brigade are rooted exclusively in British desires to find ways of economizing in their own defense budget," Hans Engell adds.

AUKEN PLEDGES READY TO COOPERATE ON NEW SECURITY AGREEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 2 Feb 87 p 7

[Article by Thorkild Dahl: "Auken Ready for New Cooperation on Security Policy"]

[Text] Social Democratic Party Vice-Chairman Svend Auken in a conversation with BERLINGSKE SONDAAG invites the nonsocialist parties to cooperate on a united Danish initiative in foreign and security policy.

"I have become more optimistic, but I do not think we can carry out this project if we think we can bridge the disagreement there was in 1982-83. The nonsocialists will stand by what they said then and we by what we said. If agreement is to be formed on foreign and security policy, then it will have to be forward directed and not backward looking. Then I think that it can be done."

Social Democratic Party Policy Spokesman and Vice-Chairman Svend Auken said a month ago that the attempt to recreate broad Danish agreement on foreign and security policy had "failed."

The Ostergaard Committee was in Norway the past week in order to discuss security policy with Norwegian politicians, and of course informal viewpoints were also exchanged between Danish politicians.

"I have actually changed my opinion a little. This has to do with the fact that today I think that there is determination and interest among the nonsocialist parties in the Folketing to do something to live up to the Ostergaard commissorium, i.e., to reach new agreement, in any case on the most important principles of Danish security policy."

"I think that all of us who were in Oslo tasted blood. It was inspiring to be there and experience the Norwegian debate, where there are still major differences between what the parties say and mean. But they have created a united basis for discussion, and this means, for example, that the Norwegian government has a political framework in such a sensitive subject as the question of changing NATO's nuclear weapons strategy. This can be done because there is a document which the Conservative Party, the in-between

parties and the social democratic Labor Party can stand behind. And this is where we must get to in Denmark," Svend Auken says.

Committee According to Norwegian Model

It was Svend Auken who suggested two and one half years ago that a committee according to the Norwegian model be appointed in an attempt to recreate the previous agreement on the principles of Danish foreign and security policy. This first grew into an official paper, the Dyvig Report, and later into the so-called Ostergaard Committee, named after the committee's chairman, Conservative Group Chairman Knud Ostergaard.

When Svend Auken talks about the agreement "we" must reach in Denmark, then "we are talking of course about the opposition's largest party, the Social Democratic Party, and the government parties."

"But I would very much like to emphasize that what we can say yes to in the nuclear weapons policy will also be acceptable to the Radical Liberals and the SF [Socialist People's Party], and they must be on an equal footing in the discussions," Svend Auken believes.

The Social Democratic Party's vice-chairman is not so optimistic that he thinks that all aspects of foreign and security policy can be included in broad agreement, but the work is now entering a concluding and important phase.

"I have not determined whether we will be two, four, five or the whole committee. It must be decided on the basis of what is the most practical, but we just have to be sure that who we talk with has a mandate which includes the government. They must be able to conclude things and to do something," Svend Auken says.

The Social Democratic Party's vice-chairman thinks that a certain clarification of positions can come as early as the next few weeks.

"It is certainly clear that we also have to listen to the other parties, but I would like to suggest that there are points where there will be able to be a certain clarification."

Nuclear Weapons in the North

"The Nordic foreign affairs ministers are to meet in Reykjavik in March, and on this occasion a panel of officials is to be appointed which will work on the problems for the North as a nuclear-free zone. This panel of officials will have a commissorium, and I would like to invite the nonsocialist parties to a discussion of how this commissorium can look so that Denmark gets a united initiative. The task is to examine constructively the prospects and problems of the establishment of a zone in the North. Both sides--we who are happy about the idea of a zone, and the nonsocialists who are skeptical--ought to be able to unite on a forward directed and sensible commissorium for the officials. It is obvious," says Svend Auken.

"The point of departure of the Ostergaard Committee itself is that 'we of course affirm Denmark's NATO membership, but then we could pick out elements for debate.'"

"In my opinion we could remove the questions which have to do with nuclear weapons policy and which have been the area most full of conflict. The point of departure could then be the American-Soviet summit meeting in Reykjavik with the agreement for the present to remove all medium-range missiles and a start on the removal of short-range missiles, and the proposal regarding a 50-percent reduction in ballistic missiles. This model, compared with resolutions in the Folketing, could be the basis for our trying to analyze the new situation and working toward constructive Danish stands. I think that this is possible."

"Besides, we have a clear position on the American space defense program, the Star Wars project, and on the antiballistic missile, ABM, treaty, which we want extended. I really think that the distance between us and the government is very short."

"We ought also to be able to word ourselves to agreement on a halt to nuclear testing and nonproliferation."

"This can all conclude in support for the ideas that have been advanced by Norwegian Foreign Affairs Minister Knut Frydenlund, for example, but also by a great number of prominent American experts, regarding changing NATO's strategy so that the emphasis on nuclear weapons will be less. The goal is to go away from the first use of nuclear weapons. But we also must say that there will have to be corresponding cutbacks on the other side. It must not be a unilateral NATO show," Svend Auken believes.

"But, realistically speaking, there will certainly be several points on which we will have disagreement. But the area we can agree on will be so considerable and important that it in itself will provide ballast in Danish foreign policy without blocking what I will call the fertile disagreement, the fertile discussion, which must always be there."

Not Agreement on Everything

"Of course, there will be a difference between how Social Democrats and Conservatives or the SF and left wing, to take the further extremes, think about foreign and security policy. But we will be discussing from a united framework, some common basic viewpoints, and it was really this we were inspired by in Norway," Svend Auken believes.

An agreement must cover foreign and security policy viewpoints, but in Svend Auken's opinion it must also be binding in the political debate.

"It is clear that if an agreement is to be made, then it cannot become what I will call a teasing point, a propaganda point, in some coming election campaign. And to just speak frankly now--for the foreign affairs minister and his party. It cannot, for then we will not succeed in beginning again to

discuss the substance and perspectives of how we are to get further, instead of a 'so there' discussion all the time," Svend Auken says.

"Denmark must get away from the situation where the government holds one opinion and the Folketing majority another."

"Foreign countries, as it is, are not very interested in what Denmark's opinion is. This is annoying."

"When we have discussed foreign policy, it has often been an element of an internal Danish game instead of our looking at what is stirring out there and where Danish interests lie."

"It is first when we agree on some principles, some stands, that we will seriously be able to promote Denmark's views. Denmark is certainly not the chief referee in an international game. We are a very, very small pawn, and if the very small pawn is to have any influence whatsoever, then it is required that we more or less agree on what we say, and together utilize the opportunities we have in NATO," Social Democratic Party Vice-Chairman Svend Auken believes.

8831

CSO 3613/61

DEFENSE MINISTRY STUDY GROUP URGES REPLACING CENTURIONS

Copenhagen BERLINGSKE TIDENDE in Danish 12 Feb 87 p 4

[Article by Nils Eric Boesgaard: "Tanks Not Passe"]

[Text] The 34-year-old British Centurion tank is to be replaced as soon as possible, according to a report from the Defense Minister's Advisory and Analysis Panel, but the Social Democratic Party says no.

A strong armored service branch is decisive for the defense of Denmark. For this reason it is necessary to purchase as soon as possible 120 to 140 new vehicles to replace the 34-year-old Centurion tanks. They can possibly be bought used in West Germany, according to a report from the Defense Ministry's Advisory and Analysis Panel.

"The report puts to shame all the prophecies to the effect that the days of tanks are numbered," says Defense Minister Hans Engell in a commentary on the analysis's answer.

"It documents the fact that the tank will still be a main element of the army's organization. There is nothing in technological developments to suggest that tanks will disappear from the battlefield of the future; rather on the contrary. A continued buildup of armored forces is taking place in the Warsaw Pact," the defense minister says, and adds:

"The tank's combination of firing power, mobility and protection is still unsurpassed. If the tank is removed from the Danish army, the army's ability to recapture lost ground and to rapidly neutralize extensive sea or air landings will be decisively weakened."

"It is necessary that we, during the impending negotiations concerning a new defense compromise, come to a decision as to how the worn-out Centurions can be replaced best and most economically by an equivalent tank."

Social Democratic Party Defense Policy Spokesman Knud Damgaard, however, does not approve of the defense minister's position.

"There is no reason to buy new and expensive tanks. We can stick to the tanks we already have and be content with modernizing them. The country will

thereby save foreign exchange and hundreds of millions of kroner," Knud Dangaard says. "The situation will not arise that the coming defense compromise with its tight budget will come to deal with the replacement of tanks."

At the moment the army has around 400 tanks of the Leopard I (West German), M-41 (American) and Centurion (British) types. The old British tanks are badly worn out and ought to be scrapped as soon as possible.

However, the best of them will be able to be included in the lowest-prioritized units. But modern vehicles armed with 120-mm guns will be purchased before 1990 to replace the Centurions.

The analysis panel emphasizes that the army does not have sufficient tanks at its disposal to fulfill the missions the Jutland Division has in connection with the advanced defense in Schleswig-Holstein. The new procurements to come first should therefore be middleweight tanks for the brigades of the Jutland Division.

The German-built Leopard I tank with the forces in Jutland will be able to last into the next century with routine modernization. New tanks cost about 300 million kroner apiece, but the problem can possibly be solved by buying used West German tanks of the same type, which cost 170 to 200 million kroner apiece.

However, this will mean that all the army's armored vehicles will become obsolete at the same time and therefore be replaced simultaneously at that time, it reads in the report. It is emphasized that the development of new light tanks and tank destroyers which can replace expensive middleweight tanks in certain parts of the organization ought to be followed closely.

8831

CSO: 3613/61

DAMGAARD SEEN FORCED TO END CAMPAIGN AGAINST SUBMARINES

Copenhagen BERLINGSKE AFTEN in Danish 30 Jan - 5 Feb 87 p 3

[Article by Leif Blaedel: "Knud Damgaard Had to Swallow His Campaign Against Submarines"]

[Text] His close military science advisor, Major J.J. Graabaek, who previously supported Damgaard, is part of the analysis panel which studied--and acknowledges--the value of submarines in the Baltic.

"It is a quite excellent report. The submarine report is no problem to me," Social Democratic Party Defense Policy Spokesman Knud Damgaard said the other day to BERLINGSKE TIDENDE.

With this sentence he contradicted everything he has said about submarines the last three or four years.

The submarine report is one of the four reports prepared by an advisory and analysis panel which was agreed to, in accordance with Social Democratic demands, in the defense compromise of June 1984. It does not say much else about submarines than what previous analyses and studies have said, but Damgaard had, so to speak, bound himself to accept the conclusion:

In addition to the fact that the analysis panel was a Social Democratic demand, the guidelines for its makeup were also, and at its appointment Damgaard was supremely satisfied with the choice of the chief of the Armed Forces Research Service, V. Guntelberg, as chairman, and also with the fact that his close military science advisor, and ally in the campaign against submarines, Major Jens Jorn Graabaek, became a member.

Previously Damgaard had waged an immense campaign against submarines. He claimed that they were practically speaking useless and far more expensive than other much more effective means of defense. He also claimed that they were tremendously vulnerable, they could be tracked with certainty by satellites, and they were useless in the Baltic in particular.

He was strongly backed up in these views by Major Graabaek.

It says in the new report that submarines are a completely indispensable part of an advanced Danish defense in the Baltic. It reads also that submarines will have great fighting power and survivability, and that the Baltic is an especially favorable operating area for submarines, in that its water strata with varying salinity and temperature layers make it difficult for the enemy to detect and fight them.

The political dispute concerning submarines began in earnest when the Social Democrats, prior to the defense compromise of 1984, opposed the purchase of new submarines, which, by the way, had been agreed to in the defense compromise of 1982.

Then Damgaard had learned that, instead of buying new submarines, it was possible to be content with leasing some used ones from West Germany. However, it turned out that the West German Defense Ministry had just figured on leasing for a transition period, and when the situation became clear, the terms were made more rigorous.

Then it proved to be less expensive to buy some Norwegian submarines, which were used, and were to be renovated prior to delivery in 1988-90.

Along the way, to the analysis panel's "excellent" report, in accordance with Damgaard's wishes, other studies were made of the usefulness of submarines, estimates were made and a lot else was done, and the effort by the Armed Forces Command, the Armed Forces Research Council and subordinate authorities is estimated by the Defense Ministry to have cost an eight-figure sum.

8831

CSO: 3613/61

PARLIAMENTARY OFFICIAL TO STUDY FORCES' CRISIS READINESS

Copenhagen INFORMATION in Danish 10 Feb 87 pp d, 11

[Article by Bjarke Larsen: "Danish Armed Forces Put Out of Running During International Crisis"]

[Text] The Folketing's commissioner for administration is now being asked to look at the Danish armed forces' conduct when the USA bombed Libya.

Is the Danish military really out of condition to function as an independent national defense system in an international crisis situation?

The Folketing's commissioner for administration is being asked to study this question today in the light of the way the Danish military authorities behaved on the night between 14 and 15 April of last year, when American planes bombed the cities of Tripoli and Benghazi in Libya.

Three students from Roskilde University Center, RUC, examined all accessible data on Denmark's handling of this crisis, and they also analyzed NATO's monitoring and communications systems. Their conclusion is that there is something completely wrong somewhere. They believe that the course of events can be explained in only three ways, each of which in its own way is equally frightening for the people:

- 1) Foreign Affairs Minister Uffe Ellemann-Jensen deliberately lied in the matter.
- 2) Danish officers deliberately held back vital information from those politically accountable.
- 3) NATO's integrated communications system does not work.

Regardless of which explanation is the right one, the course of events shows that the Danish armed forces' crisis management did not function that night, the three write in the booklet they wrote concerning the affair, which they use as documentation in the letter to the commissioner. The booklet is titled "Dansk krisestyring--ude af spillet" [Danish Crisis Management--Out of the Running]. It was written by Henrik Holmemose Andersen, Ulrik Dreier and Keld Jensen and was published by Roskilde University Publishers, GeoRuc, in

December 1986. Now the three are going to the commissioner with their knowledge.

The Official Course of Events

On Tuesday, 14 April 1986, at 2100 hours, 24 heavily loaded American F-111 bombers took off from bases in Great Britain. Five hours and thirteen minutes later the Reuters international news bureau issued the first telegram regarding the bomb attack on the two Libyan cities. A few minutes later this telegram ticked in to the night watch at the Danish Foreign Affairs Ministry at Asiatic Plads [Asian Place] in Copenhagen, and according to all official explanations it was first /then/ [in italics] that the Danish armed forces learned what was taking place. Uffe Ellemann-Jensen was awakened at the Hotel Royal in Aarhus and informed about the matter, but the Danish Armed Forces Command was informed officially about the attack first at 0315 hours.

Can It Be True?

A total of between 80 and 100 planes, including planes for refueling in the air and support planes from the American Mediterranean Fleet, took part in the operation, which has been characterized by the British weekly the NEW STATESMAN as "the biggest single American air attack since the Second World War."

"Can it be true that the Danish armed forces knew /nothing/ [in italics] about this colossal operation for 315 minutes--from the time the planes took off in England until the Reuters telegram arrived?" Keld Jensen asks INFORMATION rhetorically, and continues:

"If so, the billions of kroner which have been spent for Denmark's and NATO's monitoring and communications equipment have been to no avail. The money could just as well have been poured into a huge hole in the ground if the Foreign Affairs Ministry has to get such important information from foreign press bureaus. Then we can just as well abolish the Danish armed forces and intelligence service."

"However, our main suspicion does not run along the line that the systems do not function--for we believe that they do--but that either Uffe Ellemann-Jensen is lying when he says he was informed first /after/ [in italics] the attack had taken place, or that there are Danish officers who received information which they did not forward. Both can have consequences."

Data Bases

The three RUC students drew on large foreign data bases when they were to study NATO's early warning and communications systems, including the American space administration's, NASA's, data base, and Keld Jensen immodestly estimates that their literature on the subject is /more/ [in italics] extensive than even the Danish armed forces'.

"There is something wrong somewhere," he says, and therefore the three are now asking the commissioner to "begin a study that can clarify to what extent the

lacking information from the military electronic management systems is due to technical or human errors," as it reads in the letter.

"Too much information in cases like this is confidential," Keld Jensen says. "Therefore the commissioner of administration is the only possibility we have of getting the case studied."

8831

CSO: 3613/61

UNFILLED AIR FORCE POSITIONS

Athens EMBISTEVTIKO GRAMMA in Greek 1 Apr 87 p 11

/Text/ The enormous gaps that have been created in the Military Air Force as a result of the numerous promotions in recent years appear in a letter sent by the honorary Chief of the GEA /General Staff of the Air Force/, Air Force General D. Apostolakis, to PONDIKI on 27 Mar 87. Specifically, he writes: "No one of the general officers has been in grade for more than a year. The oldest air force colonel has just about 3 years in grade and there are about 50 air force colonel slots that cannot be filled, because the air force lieutenant colonels have not completed their minimum time in grade to qualify for promotion to air force colonels".

The dangerous situation, from the point of view of staffing, in this crucial arm in the case of a clash in the Aegean, also became evident from the assignment of a new chief to the Tactical Air Force last Friday, because the air force lieutenant general who recently had taken over apparently was suddenly deemed unsuitable.

Note that the promotion policy followed by the government regarding the air force has been criticized much more than the policy it applied in the infantry and the navy. Besides, some of the politically more exposed officers, such as Mr Makedos, belong to this arm.

9346

CSO: 3521/117

GOVERNMENT SAID DETERMINED TO ACCELERATE ARMS PRODUCTION

Madrid MERCADO in Spanish 1 May 87 pp 12-16

[Article by Jesus Navares: "A Billion-Peseta Cake"]

[Text] The Spanish Army's anachronistic weaponry had to be updated, and the Spanish defense industry was incapable of facing the challenge to reverse the situation. The decision to increase military research within the bounds of the defense budgets is in progress. Although the budgets earmarked for defense have grown without any sudden changes, the funds devoted to research have been accelerated. From the 2 million pesetas allocated in 1983, there was an increment to 15 million in 1987. By 1990, at least 30 million will be appropriated for research and development.

The government is unwilling to lose this industrial sector, as has occurred in Greece and Portugal, regardless of how very backward it may be. The cost of the Spanish Army's future weaponry requirements up until the year 2000 is equivalent to the spending since 1982 on purchases of modern weapons systems abroad: a billion pesetas. And this is the business volume that the Spanish industry must confront. The Defense Ministry is already adopting the measures.

The creation of a powerful defense industry, that will carry the civilian industry toward new technologies, is Narcis Serra's obsession. While nationalization is being gained in the Spanish Armed Forces' "inevitable" purchases, the industrial complex is being activated, concentrated on the emerging technologies. The debate is whether the driving force that defense wishes to be should be converted into a profitable exporting industry (of the Italian type), or become the central sector of the economy (American type).

Eduardo Serra, state secretary of defense, maintains: "The Defense Ministry is growing on the basis of the Armed Forces Funding Law, a law passed before the Socialist Party's arrival in the government. What is being done is to put the defense industry in a competitive phase, as a quality supplier." A billion pesetas' worth of business is waiting for the country's public and private industry to react from its lethargy; and the technological race, as well.

Sweep for CASA

The latest contracts signed by Spain for weapons purchases have changed the national percentage of the Spanish Army's military equipment. According to Defense Ministry sources, through the gradual incorporation of all these weapon systems into the FAS [Spanish Armed Forces], the degree of nationalization has not amounted to 35 percent. In view of the progressive supplying and updating of military hardware, the goal is to attain from 50 to 75 percent nationalization of the branches' weapons by the year 2000.

Also being questioned at present is the majority status that Spain has had in ammunition and explosives (a traditional and almost exclusive product of the Spanish defense industry). The degree of sophistication in the current ammunition and explosives has been maintained with great difficulty by the Spanish weapons companies.

The government has already issued a verdict, and is ready to spur the industry on to accept the challenge. The purchase of the 72 F-18A airplanes from the Americans, the acquisition of the Roland missile from the Franco-German consortium, Euromissile, or the purchase of the Aspide missile from the Italians should become an exception; gradually, of course. Nor should there be any dreaming. The Spanish military industry's technological status is at the end of the line.

Without Foreign Markets

The Spanish defense sector's reduction in exports has been the indicator of the industry's competitive backwardness: a strategic sector by definition, which has rested on its laurels, supplying conventional military equipment to its own army.

Apart from the war of export figures for 1986 between public or private sources (59 million or 100 million pesetas, respectively), the coinciding opinion is one of the loss of foreign markets; something indispensable for an industry which is increasingly specializing and in small series.

The causes cited for this commercial decline (determined by sources close to the interministerial board of arms exports) are quite something:

1. The large foreign debt of the traditional purchasing countries;
2. Spain's financing difficulties;
3. The major facilities provided by the large exporting countries;
4. The appearance of new exporting countries with cheap labor;
5. The small variety of products and lack of sufficiently technified weapons systems in the Spanish supplies.

But while there is relative consensus on the causes of the foreign market losses, it is in the distribution of responsibilities that the voices are raised.

The industrial sector (both public and private) is unwilling to take the "blame." The delays and "fluctuations" in the granting of licenses by the interministerial arms exports board is one of the reasons given by the sector's businessmen: "We don't want to engage in illegal arms trading, but when, on one occasion, we can export to Chile, Libya, or Algeria, and on the next, this is categorically forbidden, our effort to find markets is ruined. We want consistency in the regulations. The defense policy should be another part of this country's state policy, and it should not be so much affected by the alternation in governments."

The foreign policy introduced by the Socialists when they replaced UCD [Democratic Center Union] as head of the government in 1982 caused dismay among the arms exporters. The sector's business owners cannot easily forget the sharp curb on the sale of four submarines to Libya. To them, it was also a loss of prestige: "We even had French approval, because the ships' technology was theirs; but, at the last minute, there was a freeze." They add that, with such "habits," markets can only be lost.

The views of the government and the Defense Ministry, aimed at the sector's businessmen, have not been long in coming either. "In Spain, there have not been businessmen, but rather dealers. Now, however, they seem to be starting to understand that there must be investment in research. Fast profits come only from short-term business deals, and that is what they have been doing. Now, they must make up for lost time." The tones of voice are rising on both sides, and the current discussions about "irregular" exports of Spanish weapons have heated the atmosphere further still.

Harquebuses or Missiles

The administration's response to the industrialists' complaints is the lack of competitiveness and the chronic abandonment of investments in research and development.

Everyone considers it unrealistic to continue manufacturing harquebuses in Spain, while other countries are providing themselves with third generation missiles. But who will take the first step? For the present, the Defense Ministry. They will invest. Now, the ball is in the business firms' court.

In the defense industry, they refuse to compare the well-known product of Santa Barbara and Cetme (the assault rifle) with modern missile science; and all the more when Cetme has been one of the basic supporters of military research. But it is true that the production of Spanish weapons companies has been out of step. This is the widespread opinion.

And it is these two aforementioned companies, now merged, that they attempt to cite as an example. Their losses (12 million), debt (40 million), and

the extra personnel required to put them afloat again (nearly 46 percent) are the keys to the most disastrous fiscal year in Santa Barbara's history.

"The complete absorption of various factories has created an artificial, duplicated industrial structure. And a decompensated machinery (which is obsolete in comparison with the more modern type) has coincided in time with a fierce competition on our traditional weapons markets." Jose Luis Ruiz Nunez, the company's president, does not wish to place emphasis on Santa Barbara's previous dealings. Sources from the sector go further: "This company currently represents nearly the entire sector."

The large proportion of light, unsophisticated weaponry in Spain's production has been impossible to offset with the efforts of Aeronautical Construction, Inc [CASA] in aviation, or the recent electronic developments (in radar and tactical communications) of the public enterprise, Inisel, or the private company, Ceselsa.

Defense Pressure

Inasmuch as our traditional products have found themselves in a market depressed by the economic crisis and saturated with conventional weaponry, the option has been clearcut: If the army is increasingly in need of more sophisticated weapons, Spain must offer itself to all those multinational projects which are "useful" for the FAS' future supplies.

At the same time, the Spanish industry will achieve access to the leading technology that is being manipulated in the inevitable war "game."

Apart from the projects which are for the most part national (always with foreign participation) in new weapons systems (such as the future battle tanks, the AX tactical aircraft, or the surface-to-surface missile), the supranational projects in which Spain is already participating will mobilize nearly a billion pesetas. The European combat plane project (EFA) alone, that of the 1990's frigate, and the development of the third generation antitank missile per se, will entail spending nearly 200 million pesetas on R & D.

These estimates, made by Javier Melero, who holds a doctorate in weapons engineering, in a public study on new technologies ordered by the office of the government's prime minister, are intended to justify the adjustment of Spain's defense budgets.

Research, With Something Left

The Defense Ministry has already offered the bait. Anyone who accepts it will not only aim for the technological race, but will also be able to open the doors for an incomparable business: the constant adjustment of the FAS, with the sour cherry of foreign markets, which does not want to be undigested again.

The government wants the Spanish industry to gain the highest degree of business possible. According to Victor Aguado, deputy general director of

defense industries, in 1986 the Spanish companies could have had access to an electronic business for defense amounting to nearly 75 million pesetas (compared with the 22 million billed in 1985). "But the problem of the lack of qualified personnel has overcome us. And, after all, the Defense Ministry is another client," who cannot purchase based only on the criterion of aiding the national industry.

The experts make the future even more gloomy: Facing the 1990's, with the current rates, the Spanish deficit of information technicians (ranging from microelectronics to telecommunications) will total 10,000 persons.

The defense industry, of itself, has decided to enter the arena and place emphasis on research. General De Andres, former brains of the General Directorate of Weaponry and Equipment, DEGAM, is the man selected by Narcis Serra to head the National Institute for Aerospace Research [INTA], which currently has as its president a technician completely familiar with the sector, to channel the 15 million appropriated for military research, plus a budget of its own, amounting to 3 million.

The joint venture method, plus an annual increment of 20 percent in the Institute's own budgets, "will enable INTA to overcome the traditional relationship with the Spanish industry. Now, the Institute will be able to participate as another company in the industrial projects, and also in any enterprises that may be created." Ibermisil has been the first step: a project in the European Independent Programs Group, GEIP, in which Spain participates with 8 percent. Mission: to develop a third generation surface-to-surface missile, the Trigat.

Procuring Technology

At present, CASA, Inisel, and Santa Barbara are participating in this project, with INTA. But the quota is not yet closed. General De Andres is expecting bids. His is to grant part of the 12 million pesetas, distributed over 5 years, that the missile development associated with the Spanish share will cost.

Is the defense industry "stealing" funds? Victor Aguado is categorical: "We have already been investing in research for 4 years. If the other ministries are not pressuring, it is not our fault. Let them do so. The fact is that we must procure the technology suitable for our weapons; and we shall either make it here or continue purchasing it from abroad." The verdict leaves no room for doubt. The means for procuring the leading technology is another story.

One part of the overhaul will be an attempt to recover by investing what has never been invested in military research. Participation in the European (GEIP) and NATO weapons projects is the key action. The other overhaul, until the defense driving force begins to be effective, is the technological and industrial compensations negotiated in the arms purchases abroad.

The compensations program carrying the greatest weight, owing to the cost of the purchase (300 million pesos) has been the Faca: the purchase of the

72 F-18A airplanes from the U.S. Navy. The second (with a greater technological contribution) has been the compensations agreement relating to the Roland low elevation missiles program (offered by Aerospatiale of France, and MBB of the Federal Republic of Germany).

The compensations negotiated through this latter purchase have only covered 67 percent of the cost (22 million). But the technological transfers procured from the Roland have been described by the defense industry as excellent, in comparison with those from the Faca program.

The difficulties encountered with the Americans for being able to reexport the technological products of their compensations have not materialized with the Europeans. In the case of the Roland, the compensations were concentrated on the manufacture, in Spain, of 5,500 warheads and 82 search radar for export.

The experience acquired in the difficult negotiation of the compensations is bringing its results. This is another way of battling with the old structures of the Spanish defense industry. Its businessmen have concentrated their activity on being the leading supplier of ammunition and light weapons for the army itself, without allocating any appreciable budgets for research. Cetme and INTA have been the exception in an industry which was exporting its products with low value added to the Third World.

Now, the traditional Spanish arms products have found themselves on a market depressed by the economic crisis, saturated with conventional weaponry (for years, turn-key ammunition factories have been exported), and with a chronic difficulty in financing exports.

An Immediate Project

The second way of procuring leading technology is by the co-manufacture of complex weapons systems. The battle tank required by the Army forces has been the product selected.

The first step, already decided on by the defense industry, has been the modernization of the 150 AMX-30 tanks, which will mobilize some 20 million pesetas and which the companies are awaiting like "spring rain." Bazan, Santa Barbara, ISA (the Spanish branch of the German ZF), Inisel, and Marconi are the certain candidates for modernizing the tank; an operation that has taken 4 years to devise, entailing a volume of business amounting to nearly 20 million pesetas.

Nevertheless, although this plan has taken so long to be formulated, there is no date of execution.

When this modernization will begin, and what deadline has been set for its completion are the unknowns that the businessmen want to resolve quickly. If the start is delayed, the project for the construction of the Spanish tank of the 1990's will be left in the air.

Eduardo Serra, state secretary of defense, refutes the doubts regarding the future tank: "There will be no turning back. The army's META plan clearly calls for the provision of a new tank to fill the gap until the European tank of the year 2000 arrives. It will be accomplished." Doubts resolved.

There were three possibilities under discussion:

1. To abandon the tank of the 1990's, and wait, with the renovation of the AMX-30, until the tank of the year 2000 went into service;
2. To begin immediately the construction of a tank with national technology;
3. Since the project of the tank of the year 2000 is not certain, to begin developing the tank of the 1990's jointly with other countries. This has been the option taken: a project that will entail the investment of 150 million pesetas.

The defense industry must decide on the technological partner before summer. A choice will have to be made between the German offer (the adaptation of the Leopard II), the French (the AMX-40 tank), or the Italian, whose model is still without a name. And it is this latter offer which has the most supporters at present; although the military experts make the distinction that the renovation cycles for the German tanks coincide with the Spanish ones.

But time is flying, claim the businessmen. The modernization of the AMX-30 must begin as soon as possible; our experience with integration of complex weapons systems is virtually nil. Unless we accelerate, our role with the future technological partner may be reduced practically to commercial tasks.

Up until the present, there has never been an independent institution in Spain which has studied the country's military strategy and its costs; and, among them, the industrial ones. The chronic lack of information from the defense sector in Spain, where nearly everything is "classified" material, has had to be resolved by resorting to the foreign institutes of strategic studies.

The War Game

The Ortega y Gasset Foundation, associated with Spanish universities through its second degree specialization courses, has decided to carry out a project that would bridge the existing gap in studies. Its strategic studies group is economically protected by the Foreign and Defense Ministries. However, the specialists comprising it want to loosen its current institutional ties and play the "technical card": making studies on defense in Spain, subject to prior payment, for anyone who requests it.

Included among the current reports being prepared is the one on exports. To which areas could the Spanish defense industry export equipment? According to the Foundation, the places to be avoided are those marked by hypothetical conflicts with the East European countries and those of North Africa. In

the first instance, the potential crisis has been described as "unrealistic." In the second scenario, it has been opted to give free rein to exports, provided the strategic balance is maintained.

Everyone agrees on the inevitability of maintaining modern Armed Forces. Everyone agrees that the technological race, and our place in it, depend largely on the weapons industry, and on the leading technology which the Spanish firms can gain in their development.

Daily international events are keeping the war "game" active, and it would be suicidal to be content with throwing some money at weapons systems simulating those of the electronic game companies. The Spanish industry runs the risk of disappearing, as has already occurred in Greece and Portugal. The Spanish Government has decided to put all its eggs in one basket.

What is disputable is whether the defense sector should be Spain's technological driving force. The defense industry wants it so, because of the "persistence" of the situation.

[Box, p 13]

Inisel: They Are Joining

Eduardo Moreno, president of Inisel, has admitted that INI's [National Institute of Industry] defense companies have a deepseated technological crisis. He is attempting to concentrate the public sector's electronic efforts and, except for Enosa, the electronic and computer firms grouped under Inisel's management are showing good results. "We have a solid financial position within INI. The business figure of 23 million pesetas, the investments of 2 billion in R & D, and assets of nearly 30 million, allow us to assume a considerable level of risk in technological projects."

Over 70 percent of Inisel's activity is concentrated on defense (military electronics and aerospace technologies). And its challenge, after surmounting the integration of all the companies comprising it, is to rid itself of its technological dependence and to incorporate national technology. Its own developments in tactical communications and its bid for the radar to be incorporated into the future European combat plane could ensure its place in the technological vanguard.

According to Eduardo Moreno the battle involves being present in the distribution of "roles" that the European industry is making. It is already starting in the telecommunications sector.

[Box, p 14]

CASA: Making Work

CASA's research efforts, both in the INI, its majority associate, and in the private sector, have not sufficed to determine the "holes" in the civilian

and military aviation market left by the world giants. Its best known products, the 101 trainer fighter plane, or the CN-235, the famous Aviocar, have either already saturated the markets (in the case of the former), or reached them somewhat late (in the case of the latter).

Apart from the urgently needed injection of capital that INI will have to take on for the most part, if its present foreign associates (Northrop and MBB) decide to maintain their participation, CASA must make more work for the incipient Spanish auxiliary aeronautical industry. This is one of the priority goals. The future of one of the Spanish companies with the most leading technology also depends on finding both a technological and a commercial partner.

In 1986, Aeronautical Construction had the worst fiscal year in its history. The 8.6 million pesetas of losses have been explained by the decline of the dollar, the loss of clients in the U.S., and "production problems."

[Box, p 15]

Ceselsa: Own Technique

Jose Antonio Perez Nieves, president of Ceselsa, still remembers when more than one government undersecretary called him a "visionary." His bids for undertaking orders with national technology were incredible. Today, Ceselsa not only occupies one of the top ranks among Spanish high technology companies, but is also seeking financial and industrial partners abroad.

The French group, Paribas, holds 10 percent of the capital of the Spanish firm, which has recently made a capital expansion from 500,000 to 2 million pesetas. "But, in order to seek a technological partner, we must still wait until we become larger." The Ceselsa members do not want to run the risk of being swallowed by a giant, even though they are called "Celtiberians." This has been their strategy and, for the present, it is bringing good results.

Ceselsa's most important project now is the development of three-dimensional radar: research which is currently only being undertaken by France, Great Britain, and Italy, along with the Netherlands. A total of 3.5 million pesetas will be required for development alone. The risk, after investing, is one of not achieving a suitable product.

But this is the favorite game of Jose Antonio Perez Nieves. To Ceselsa, Spain's business problem is not the technological one, but rather that of industrial size.

[Box, p 16]

Exporting Without a Destination

The charges, not yet explained by the government, of shipments of Spanish weapons to warring countries (Iran) through third nations (Syrian Armed

Libyan Armed Forces), contradict the Spanish Government's position of not giving permission for weapons trading with countries in an armed conflict.

This position, not written but stated, of the Spanish Government also bans arms trading with: South Africa, based on the application of UN resolutions; Syria and Libya, based on application of the decisions adopted by the EEC Council of Ministers; Taiwan, for reasons of foreign policy affecting the bilateral relations with China; Chile and Paraguay, because of the authoritarian regimes of the countries in question; and, in addition to the Warsaw Pact countries, North Vietnam, Albania, Mongolia, and North Korea are also excluded.

This exporting policy has had another break. Recent Spanish arms shipments to Portugal have been diverted to third countries: "The Spanish Government has been informed by the Portuguese Government that certain shipments of Spanish military equipment destined for Portugal based on the certificates of final destination, have left its borders again." Authorized defense sources have admitted the incidents, and have claimed that an investigation has been opened. The serious aspect is that the famous "certificates" could be forged. Thinking that they might not be taken into account would be even more serious.

Until there is a clearcut criterion for exports, the ethical battle will continue to crop up on the part of the exporters.

Purchases

Country	Contract	System	Volume	Cost	Delivery
United Kingdom	1/85	Scorpion tank	17	x	1985
Chile	3/84	T-35 airplane	40	x	1985
	3/86	T-35 airplane	40	17	x
France	1/85	Milan missile	250/150	29.5	x
	4/86	Super Puma	18	100	1987
U.S.	10/84	Sikorsky	6	x	x
	1/85	Chinook	6	80	x
	3-6/85	Harpoon missile	50	47	1987-90
	10/85	Boeing 707 tanker	2	x	1987
Italy	10/85	Skygrand missile	13/100	150	x

Sales

Country	Contract	System	Volume	Cost	Delivery
Sweden	12/85	CASA C-212 airplane	3	7	1986
Jordan	6/85	CASA airplane (14 C-101; 1 C-212; 2 CN-235)	17	98	x
	3/86	CASA airplane (14 C-101; 1 C-212; 2 CN-235)	17	90	1987

Country	Contract	System	Volume	Cost	Delivery
Morocco	10/85	Patrol boat	6	104	x
Saudi Arabia	11/85	CASA airplane, CN-235	5	x	1987
Iraq	8/84	BO-105 helicopter	24	x	x
Sudan	7/84	Patrol boat	8/12	100	x
Angola	1/85	CASA airplane, C-212	12	x	x
Somalia	2/84	Cormoran patrol boat	2	45	x
Indonesia	9/84	CASA airplane	16	51.5	x
Mexico	6/84	CASA airplane, C-212	10	30	x
Chile	7/84	CASA airplane, C-101	21	x	x

Spanish arms trade from July 1984 to June 1986. Data in millions of pesetas.

2909

CSO: 3548/75

TEN PERCENT CUT IN FISHING FLEET SEEN NECESSARY TO SAVE INDUSTRY

Stockholm DAGENS NYHETER in Swedish 27 Apr 87 p 16

[Article by Christian Palme, DAGENS NYHETER correspondent in Denmark: "Fleet Must Be Reduced--Crisis for Danish Fishing"; first paragraph is DAGENS NYHETER introduction]

[Text] Skagen, Denmark--The Danish fishing industry has serious problems. With falling prices on the world market and hard competition for fishing quotas the Danish fishing fleet must be 10 percent smaller in the next 5 years, said Danish Minister of Fisheries Lars P. Gammelgaard.

In Skagen, at the northern tip of Jylland, there is a breath of spring in the fishing harbor. The summer invasion of tourists is still a couple of months away, and last year's disturbances when angry fishermen locked up the hated fisheries inspectors seems entirely forgotten.

But behind the idyllic facade lurks bad news for the fishing industry. Danish Minister of Fisheries Lars P. Gammelgaard, who this week visited Skagen during a round trip to the fishing harbors of Jylland, is clearly worried:

"There are too few fish for too many Danish fishermen," he said.

"The overcapacity in the Danish fishing fleet is one of the industry's main problems."

Little Denmark is one of the great fishing nations in the world. After Canada and Norway, Denmark is the world's third largest net exporters of fish.

The annual export value is over 11 billion Danish kroner and at least 20,000 persons are directly employed in fishing and related jobs on land. Still more are indirectly dependent in the many coastal communities which stand and fall economically with fishing.

With 1.8 million tons of fish landed every year, Denmark is also the largest fishing nation in the EC--even since Spain joined the EC.

But Denmark's fishing is hurt just now by a series of difficult problems. The worst is the situation for industrial fishing, which brings in about 1.3

million tons of the annual production (but only 25 percent of the export income).

"The extremely low prices for fish oil and fish meal are a serious problem for industrial fishing," said Lars P. Gammelgaard, who was elected to parliament by the Danish Conservative Party.

Prices on the world market for protein products have fallen steeply in a short time, and a Danish fisherman in the high season of the year will not be able to count on more than about 35 ore per kilo of industrial fish. Last year the price was about 45 ore per kilo, and just a few years ago it was 80-85 ore. In order for the fishermen to make a living the price must be not less than 50 ore per kilo.

Only a couple of days ago one of Denmark's largest fish meal factories at Hirtshals on Jylland was forced to close and furlough 60 employees. Denmark's competitors in fish meal production are mainly in South America, where the wages are very low, both for fishermen and factory workers.

But the troubles of industrial fishing are also affecting food fishing. When the industrial fishermen cannot sell their catches they go over to food fishing, and thereby make inroads in Denmark's very limited quotas in the North Sea.

A solution to over production is to reduce the fishing fleet, and Denmark is now investing large amounts of money to take old and unprofitable tonnage out of operation.

There is also a difficult to enforce ban on new construction. New boats can only be built to replace old ones which have been scrapped. There is also an effort to invest in more improved products to increase the income from a declining supply of raw materials.

9287
CSO:3650/130

INCREASED TRADE WITH SAUDI ARABIA SOUGHT

Helsinki HELSINGIN SANOMAT in Finnish 31 Mar 87 p 29

[Text] Finland and Saudi Arabia are seeking to extend economic cooperation between the two countries to new fields. At a TTT [Economic, Technical and Industrial Cooperation] Mixed Commission conference to be held between the two countries in Riyadh in a little over a week from now, they will be investigating possibilities for cooperation in the fields of electrification, data communications, civil defense, the medical industry, the cable industry and meteorology and radiation monitoring. The Foreign Ministry said that they will in addition discuss, among other things, projects in the field of construction contract work and consulting.

On the basis of overall trade, last year Saudi Arabia was Finland's most important partner among the developing countries. Last year Finland imported about 730 million markkas worth of goods from Saudi Arabia and exported about 381 million markkas worth to it.

Undersecretary of State Paavo Kaarlehto heads the Finnish delegation in the mixed commission that is considering an increase in trade. The commission conference is to be held on 7-8 April.

Imports from Saudi Arabia have consisted almost solely of crude oil, which accounted for 96 percent of them last year. There have been no essential changes in the volume of crude oil imported because of world market crude oil prices owing to last year's lower prices. In addition to crude oil, some petrochemical industry products have been imported. We have exported paper and cardboard (accounting for 32 percent of our exports to it in 1986), fertilizers (16 percent), wood products (11 percent) and machines and equipment (14 percent) to Saudi Arabia. Export volume rose most rapidly last year in the chemical industry sector, while exports, on the other hand, declined most in the metal industry sector.

Fifteen Finnish firms, which have agencies in that country, operate in Saudi Arabia. There are six joint Finnish-Saudi industrial ventures. Furthermore, there are Saudi-owned firms in the country based on Finnish technology which employ about 600 Finns, according to estimates.

An agreement between Finland and Saudi Arabia on economic, industrial and technological cooperation (the TTT agreement) was concluded in 1976. It is the function of the mixed commission appointed on the basis of the agreement to see to it that the agreement is carried out and to make proposals and recommendations to further its objectives.

PUBLIC OPINION REGARDING NUCLEAR POWER CHANGES LITTLE OVER DECADE

Researchers Propose National Plebiscite

Helsinki HELSINGIN SANOMAT in Finnish 10 Mar 87 p 6

[Text] A national plebiscite on nuclear power ought to be organized, in which supporters of nuclear power and their heirs would pledge themselves to assume responsibility for any nuclear power plant accident with their property as forfeit. Opponents of nuclear power would, in turn, promise to pay a higher price for their electricity, the authors of a report compiled at the Technical University of Turku in which the importance of values in terms of energy policy is considered propose.

Funded by the Trade and Industry Ministry, the study was conducted by Prof Pentti Malaska and political science candidate Pirkko Kasanen. The report bears the title: "Nuclear Power--a Fateful Question ?"

According to the report, decisions on nuclear power plants should be drafted by a technological council composed of both laymen representing special interest groups and technological experts. The council would strive to see to it that "objective knowledge" does not exclude consideration of values in reaching decisions, but rather that it serves the latter.

Opponents of nuclear power should be gotten onto the board of directors of the Radiation Safety Center so that interpretation of data and monitoring would not be based on a one-sided attitude.

With their proposal for a plebiscite, the researchers are trying to see to it that the situation surrounding a decision involving a nuclear power plant is presented in such a way that everyone understands the importance of the different alternatives to his own well-being and is able to reach a sensible decision as far as he is concerned.

It would be essential in the event of a plebiscite to, in addition to adopting a position, also pledge oneself to accept the consequences of the decision.

Heirs Responsible Too

In this way supporters of nuclear power would pledge themselves to assume personal and corporate responsibility for damages caused by any nuclear power

plant accident, with their entire fortunes as forfeit. The pledge would be passed on as a legacy to the voter's descendants for as long as the power plant in question is in operation.

As for opponents of nuclear power, they would pledge themselves to pay a higher price than the supporters for the electricity they consume if it is decided to build a nuclear power plant. They would not, however, assume personal economic responsibility for damages.

The authors of the report are of the opinion that the differences between supporters and opponents lie chiefly in their world views.

The researchers ask: "How can we reach a so-called good decision on nuclear power when such an obvious conflict in values prevails, since a good decision consists of moral and rational acceptability?"

Long-Term Costs

According to Malaska and Kasanen, one of the problems in connection with nuclear power is the fact that it may produce costs in the long run that cannot now be taken into account in our calculations. If these costs could be included in our calculations, our feelings about the advantages of the different forms of energy in relation to one another might change.

In the report they also explain which cause-and-effect relations they feel are important in a discussion of nuclear power.

The defenders feel that the social aspect involved in reaching a decision is subordinate to the economic aspect. In their opinion, nuclear power will not produce any major problems with regard to either the natural environment or people's health.

The opponents, on the other hand, feel that decentralization of the decision-making power is important. The society should guide development of the economy and the risks of radiation must be taken into account.

The supporters of nuclear power feel that nuclear power is safe, while its opponents do not. In the opinion of the opponents of nuclear power, the energy supply can be organized in different ways and the defenders speak only of the possibilities of different kinds of futures for nuclear power.

The defenders believe in the economic feasibility of nuclear power, while its opponents do not. In the opinion of the defenders, economic growth will lead to more general prosperity. The opponents do not concede that this is so. The defenders feel that assuming the risk is warranted, while the opponents do not.

Such conflicts of values are crucial in reaching decisions on nuclear power. In the opinion of the researchers, the different values and social attitudes should be allowed to play a key role in the public debate and in the decision-making process.

Increase in Opponents Slight

Helsinki HELSINGIN SANOMAT in Finnish 15 Mar 87 p 46

[Article: "HELSINGIN SANOMAT Gallup Poll: Finns' Views on Nuclear Power Unchanged; Over Half Have Doubts About Power Plant Safety"]

[Text] Finns' views on the safety of nuclear power plants are now nearly the same as they were 9 years ago. Fifty-seven percent of voting-age Finns are of the opinion that nuclear power plants are either not very safe or not safe at all. Forty percent of them feel that nuclear power plants are completely or fairly safe.

These figures are taken from a Finnish Gallup poll conducted for HELSINGIN SANOMAT. Exactly the same questions were also asked in 1978. Opinions on nuclear power were divided in almost the same way in both polls. At the most, the changes amount to a few percentage points.

According to the Finnish Gallup Company, we can interpret the results as meaning that after 1978 opinions changed in favor of nuclear power plants, at least until the Chernobyl accident, and since then attitudes have returned to the level they were at 9 years ago.

One question was phrased: "In speaking of the employment of nuclear power, particular attention has been focused on the safety of these power plants from the standpoint of the environment. Furthermore, it has been pointed out that problems involving the transport of and radiation given off by hazardous waste produced by nuclear power plant operations have not yet been definitively solved. What is your view, in general, of all of these safety problems?"

Three percent of the respondents felt that nuclear power plants are completely safe and 37 percent fairly safe. Thirty-nine percent thought that nuclear power plants are not very safe and 18 percent that they are not safe at all.

Men trust nuclear power more than women. Fifty-three percent of the men felt that nuclear power plants are completely or fairly safe, while only 29 percent of the women did. With advancing age, the doubts increase. Only one out of four of those over 64 felt that nuclear power is safe.

Of the parties, the largest number (59 percent) of those who trust to the safety of nuclear power are Conservatives. Supporters of the Greens constitute the other extreme. Twenty-four percent of them felt that nuclear power plants are completely or fairly safe and, correspondingly, 76 percent that they are not safe.

Two Opinions on Talk About the Environment

During the poll respondents were also asked for their views on environmental protection. The question was phrased: "There has recently been a lot of talk in our country about environmental protection and the need for it. What sort of opinion do you have about such talk? In your opinion, have the dangers to our country's natural and other environment been presented in a way that corresponds to reality, have the dangers, in your opinion, perhaps in general

been exaggerated or have the dangers, in your opinion, in general been underestimated?"

The respondents were given three choices: The talk has been presented in a way that corresponds to reality, [the dangers] are in general exaggerated or are in general underestimated.

Opinions are split. Forty percent of them believe that the talk corresponds to reality. Slightly more of them (45 percent) are of the opinion that the problems have been underestimated. Eleven percent suspect that they have been exaggerated.

The same question was also asked in 1978. At that time the respondents had a bit more faith in the talk about damage to the environment. Nearly half of them then believed that the talk was presented in a way that corresponded to reality. Sixteen percent suspected that the problems were exaggerated. At that time 31 percent felt that the harm [to the environment] was underestimated in the talk about it.

The Finnish Gallup Company interviewed a total of 1,528 Finns between 22 and 27 February and asked them for their opinions on current issues. The responses represent the views of voting-age Finns with the exception of Aland.

Opinions on the Safety of Nuclear Power Plants
(percentages)

<u>Responses</u>	<u>1978</u>	<u>1987</u>
Completely safe	6	3
Fairly safe	37	37
Not very safe	38	39
Not at all safe	14	18
Could not say	5	2

11,466

CSO: 5100/2433

OECD AGREES WITH FELDT IN SEEING NEED FOR SLOWING WAGE RISE

OECD Supports Austerity

Stockholm DAGENS NYHETER in Swedish 25 Apr 87 p 16

[Article by Jan Magnus Fahlstrom: "Praise for Sweden"]

[Text] Reducing the rate of wage increases is a central and absolutely necessary prerequisite for the success of the Swedish government's economic strategy. It is important to make the relationship between wages and employment in the public sector clear.

These points were stressed by OECD, the western industrialized nations' organization for economic cooperation, in this year's issue on Sweden in its series of reports on individual countries.

OECD noted with praise that Sweden's economic situation has improved substantially since the 1982 devaluation and the change in economic policy.

Inflation has fallen, the trade balance has improved and the deficit in the public sector has been reduced substantially. And this has been accomplished without an increase in unemployment so that Sweden now has one of the lowest unemployment rates in Europe.

But the improvement in 1986 depended to an important extent on favorable external impulses, primarily the decline in oil prices, while domestic factors showed a less favorable development. Labor costs rose much more rapidly here than in other countries, Swedish industry lost market shares both at home and abroad and because of this business investments declined.

If this development continues for any length of time it will clearly run counter to the government's economic strategy--that growth must be sustained by exports and investments, not by private and public consumption.

Wage Increases

From this starting point OECD comes to the conclusion that the problem of how to reduce the rate of wage increases should be given a central position. The report discusses the reasons for the high Swedish wage increases in detail.

It is undoubtedly an important factor, the report says, that Sweden has managed to keep unemployment lower than it is in most other countries. The fact that employment in the public sector has grown so rapidly and is responsible for such a large part of total employment may also have played an important role.

The connection between wages and employment is less direct in the public than in the private sector and this may have made public employees less aware of the importance of restraining wage increases.

That Swedish wage increases continued to be higher than those in other countries may also have had some connection with the fact that the effects on employment have been offset in the past by devaluation and industrial subsidies.

But that will not be viable in the long run, in OECD's view. Other ways must be sought to unite the twin goals of employment and low inflation.

Mutual Understanding

Here OECD calls for a high degree of mutual understanding in wage negotiations. The way in which negotiations are organized is important. Decentralization of negotiations could lead to a wage structure that better reflects differences in job skills and divergent conditions in individual firms and branches.

But with high employment and a great stress on equality there is a risk that such a system will stimulate compensation demands that result in higher and higher wage levels. The solution might be found, OECD says, in a combination of central and decentralized negotiations with the total wage amount being determined at the central level.

The report also says that the role that income policy could play in creating broad understanding and a goal-directed pattern in negotiations should be considered, in the diplomatic language used by OECD. In this context it is important to make the relationship between wages and employment in the public sector clear.

But however necessary more restraint in wage increases may be, it will not be enough to guarantee success for the government's economic strategy in the long run, according to OECD. To fulfill the goal of increasing exports and investments private and public consumption must be moderated.

Thus the authorities will have to continue to pursue a restrictive policy. And the burden should not fall primarily on currency policy. If high tax burdens are to be avoided, the only way out is to economize on expenditures, OECD observes and makes the point that state spending has been kept under tighter control than municipal spending. More attention should be devoted to restraining increases in municipal consumption.

The OECD national reports, in contrast to the economic forecasts, are political documents in the sense that the text is approved by representatives of the member nations. The country that is the subject of the report can present its views but it has no decisive influence on the report.

However the Swedish government can be pleased with the present report on Sweden. The views in the report are quite similar to those of the Swedish finance minister--and to what he has to say in the supplementary government bill that will be presented on Tuesday, according to the newsletter EARLY WARNING.

Feldt Striking at Consumption

Stockholm DAGENS NYHETER in Swedish 25 Apr 87 p 16

[Article by Sven Svensson: "Higher Property Taxes in Supplementary Bill"]

[Text] Real estate taxes will be increased in 1988, while automobile excise taxes and charter flight taxes will be raised this year. These proposals will be made by Finance Minister Kjell-Olof Feldt in the supplementary bill next Tuesday.

For a house with an assessed value of 300,000 kronor the tax liability will increase by an estimated 1000 kronor a year.

The increased tax burden would then rise as the assessed value increases.

In rental units the higher real estate tax will affect rents in the long run. The amount will depend on negotiations between the parties involved.

This is a move by Feldt to tighten up fiscal policy in an attempt to curb consumption. The Riksdag debate this spring has weakened the budget that was submitted in January by at least 1.5 billion kronor and there is still uncertainty about the size of municipal savings measures.

Wage Drift

In addition the government is concerned about the size of wage increases in both 1987 and 1988. Wage drift has been too great and this in turn was one of the reasons why the government introduced a price freeze.

It appears that the 1988 wage settlement of 6 percent will end up being 8.5 percent an hour with the current wage drift. For 1987 such a wage development will increase the pressure on prices and wage drift could gain momentum now.

It is to keep prices down and curb wage demands for 1988 that Feldt and the government are now tightening up the budget. Many people had believed that this kind of austerity would appear in the budget that was submitted in January.

With regard to wage negotiations, Feldt is signaling heavy pressure on the labor market factions to keep the settlement within the state fiscal framework and allow a reduction of Swedish interest rates, which are high in the international context. An interest reduction would be beneficial for industrial investments.

This time the government took special precautions to prevent reports on the contents of the supplementary bill from leaking out in advance.

Even so EARLY WARNING presented some information on the matter on Friday, but Finance Ministry spokesmen refused to comment.

Confirmation

However it has been confirmed via contacts the government has had with representatives of wage-earner organizations that a request for increased real estate taxes--and car excise and charter flight tax increases--will be presented to Riksdag next week.

Certain municipal savings measures are also involved but this part will be discussed in the context of Riksdag's effort to straighten out municipal tax equalization, which was sent back to committee on Friday.

For 1987 real estate taxes on small houses taxed at the standard rate and on rental housing would amount to 1.4 percent of assessed value. For regular rental property the real estate tax in 1987 amounts to 2.5 percent, but the tax is a deductible expense. The basis for the tax on small houses amounts to a third of assessed value.

The government is expected to propose an increase of around 1 percent in real estate taxes for 1988 for various property categories, which would provide the state with 2.5 billion kronor.

For a house with an assessed value of 300,000 kronor this increase would mean an increased liability of 1000 kronor.

With an assessed value of 600,000 kronor the tax liability would rise by 2000 kronor.

Relying on VPK

One reason why the government is presenting a proposal to increase real estate taxes is that it believes the Left-Communist Party [VPK] will go along with it.

However several VPK representatives told DAGENS NYHETER Friday that the party cannot give automatic approval to the tax increase on small homes. Compensation is necessary, perhaps in the form of increased housing allowances, they said.

The tax on charter flights was increased on 1 July 1986 from 200 to 300 kronor. A similar increase is now expected starting the second half of this year. The aim is to restrict travel abroad.

New car registrations have shown a sharp rise recently, which represents a strain on the national economy. Therefore the government also wants to increase this tax, which does not directly affect the consumer price index. The tax is now 4.80 kronor per kilogram up to a service weight of 600 kg.

Feldt also wants to reduce private consumption by increasing savings. An extra deposit of 10,000 kronor in general savings or general fund accounts will be permitted later this year.

Finance Minister Feldt will not win approval for all the savings cuts in the municipal area that were proposed to Riksdag in January. The supplementary bill contains a proposal that would reduce compensation to municipalities for the elimination of company taxation. The amount now is close to 1.6 billion kronor.

In January the government proposed raising the employer tax payment by a total of 0.6 percent. To cancel this out Feldt is now considering a proposal to reduce the payment by a similar amount. The goal is to increase the latitude available for wages prior to the 1988 negotiations.

Surplus

According to EARLY WARNING the government anticipates that the economy will grow by 2.0 percent in 1988 instead of the 1.7 percent predicted by the Institute of Economic Research. Using this calculation the trade balance could show a surplus in 1987 if the exchange rate of the dollar does not change and oil prices remain at \$18 a barrel.

The tax increases will moderate the growth in private consumption to 1.5 percent and inflation is expected to be 3.7 percent this year and 2 percent in 1988.

Because wage increases will be higher than expected in both 1987 and 1988 the budget deficit will be reduced. State revenues will increase as a result of increased taxes. The January estimate of the deficit was 40 billion kronor. The current estimate is 30 billion.

6578

CSO: 3650/124

OECD, FELDT CONCERNED OVER RETURN OF INFLATION PRESSURES

OECD Warns of Trends

Stockholm DAGENS NYHETER in Swedish 27 Apr 87 p 2

[Editorial: "An Economic Word of Warning"]

[Text] The rate of Swedish inflation must come down to the international level if Swedish industry is to maintain its exports and investments up over the long run. And an expansion of the industrial sector is the key in the strategy of the economic policy.

That is the central conclusion of the OECD secretariat's annual review of Sweden's economy. The government gets good marks for succeeding in reducing both the rate of inflation and the deficit without paying the usual price of high unemployment. But, say the OECD economists, if the rate of wage increases does not go down the strategy can fail.

The praise in the review is not entirely deserved. During its time in the opposition the Social Democrats continuously demanded larger public expenditures, more subsidies to noncompetitive businesses, increased contributions and greater private consumption. If the nonsocialist government had followed all the Social Democrats' recommendations the economic crisis would probably have been even worse.

Nor is it to the undivided credit of the Social Democrats that immediately after the Swedish devaluation there was a long international business upturn. (Fromma economists can possibly claim that God is a Social Democrat.) And the structural obstacles to growth in Sweden--which were partly erected by Social Democrat tax and spending policies--still remain.

But the warning by the OECD economists of the inflation trend should be taken seriously, and preferably put into longer perspective, which the economic debate in Sweden in recent years has failed to do.

For example, discussions in the last five or ten economic predictions deal with the seriousness of the worsening trade imbalance, with the fact that consumption has increased too much and has caused imports to rise, etc. But such swings are an unavoidable reaction to the Swedish industrial structure.

A large part of our exports consist of raw materials which vary widely in price and volume with the international economy. An extremely large part of consumption of private goods must be taken care of by imports, since we have knocked out our own consumer goods industry with our Swedish wage policies. A much larger share of gross exports consists of imported investment goods, which is a result of specialization and large scale economy.

We must live with swings in trade and the balance of payments affected by the economy. And it is possible that the stabilizing political countermeasures do more harm than good. The serious part is that the inflationary trend in Sweden since the beginning of the 70's has, per produced unit, been higher than that of competing countries. In 1976-82 we systematically devalued away the difference.

In the past year Swedish competitive ability has been saved by what the Associated Banks Economic Games call "illicit devaluation"--meaning that the krona has partly followed the dollar down, and thereby depreciated against West European currencies. But this is an unplanned solution for the moment. And repeated direct devaluations of 10 percent are not consistent with closer economic cooperation with the EC.

We do not have much choice.

Feldt Adopting New Tone

Stockholm DAGENS NYHETER in Swedish 29 Apr 87 p 2

[Editorial: "Feldt Needs Help"]

[Text] The finance minister does not describe the economy in such rosy terms now in April as he did in January. Then it was largely just to drive along the way to success, called "the third way." Extra consumption had been purged from the wage earners. The budget was sound after reforms. Now the tone in the revised financial plan is concerned, and the descriptions are harshly straightforward.

A lot has happened to motivate the change in tune. Growth of world trade is weaker than expected, and there is a large dark cloud over the question of whether West Germany and Japan will replace the buying power which the United States is now withdrawing. Our domestic buying spree has continued through Christmas and the entire spring.

The balance of trade, that important measure of the equality in our total business with countries abroad, is turning back toward minus in 1987 instead of showing a surplus of seven billion as the government thought in January. But we are still favored by continued rather low oil prices.

But the short term threats are not the most serious. Today's condition of the Swedish economy is relatively good. And the swings in the trade balance are partly explained by the expectation that industrial investment will begin to grow by 13 percent in volume this year according to a government prognosis.

Measures being taken against short term temporary imbalances can do long term damage which is greater than their short term value. The question is whether that applies to the housing proposal which is a part of the supplementary bill. Through increased real estate tax, reduced guaranteed rents for new properties and increased housing contributions the housing market is being taken one more step into the tax and subsidy swamp.

The really important tasks are the long-term ones: to get enduring growth in the economy and to eliminate the wage and inflation pattern.

The government itself has now made it clear that the gift from above in the form of lower oil prices has given us only a short respite. "The year of decision is here for the rate of increase of wages and prices," said Lars Heikensten, who is responsible for long term analysis in the finance ministry. Kjell-Olof Feldt writes practically the same thing in the bill.

The year 1986, which was expected to be a turning point, saw a nine percent average increase in the hourly wage for the entire economy. According to long range analysis, by 1988 the hourly wage increase should be limited to three percent if Sweden is to stop losing competitiveness. The long term budget shows that a drastic suppression of inflation is needed to prevent the budget from growing again.

This change down to the same low inflation and inflation expectations as the outside world will be accomplished at the same time as Sweden maintains a significantly lower level of unemployment than the countries we are competing with. The task is enormous. Are appropriate solutions in sight?

Hardly. The government is now making a concrete contribution by holding out an option to the parties in the labor market: "If you conclude a wage agreement which contains a wage level including the wage slide rising moderately during 1988, we are prepared to not take any additional wage margin as a claim for increased payroll tax." The construction is subject to discussion, but it is clear that the 1.3 percent in increased payroll tax which was previously decided for 1988 (at the insistence of SAF among others) is not consistent with the goal of a responsible wage movement.

The government is going to implement its opinion of the wage margin by deciding before the wage movement what appropriation state authorities will receive to cover wage costs. If the money is not enough the authorities will have to make up the difference through savings and increased productivity. Reduction of services has its theoretical points. In practice it will not be as easy for the politicians to turn over to the organizations the decision on what degree of service to give the citizens.

If productivity is to improve in public activity, and that is essential when there are 1.4 million public employees today and they comprise a substantial portion of the Swedish economy, it can hardly be accomplished by administrative controls. Beyond that, as chief economist Richard Murray of the treasury states in a report, one must utilize competition, alternatives and rewards to individuals. When was the last time there was a school report

on how to encourage a teachers' best talents and desire to teach? And the same for those in health care?

Feldt is a good minister of finance. But it remains to be seen whether he has an effective recipe for treating Sweden's inflation sickness. He needs help from unions which realize that increased real wages are not attained through demands in wage negotiations--and from an opposition which pushes for lower marginal taxes and elimination of monopolies which is required to stimulate growth.

Unions Oppose Feldt's Austerity

Stockholm DAGENS NYHETER in Swedish 30 Apr 87 p 14

[Commentary by Jan Magnus Fahlstrom: "Income Policy--Ugh!"]

[Text] The union reactions to what Kjell-Olof Feldt had to say about wage policy in his supplementary bill followed formula 1A:

- Political dictation!
- Unilateral income policy!
- Interference in the right of free negotiations!
- Reduces the parties' responsibility for social economy!

"The government should go back to the arrangement of 'the Swedish model'" said LO [Trade Union Federation] vice chairman Rune Molin.

The arrangement of the Swedish model--which means that year after year Sweden gets wage increases several percent above those of the outside world, which undermines competitiveness and threatens employment.

What Feldt is saying is that appropriations for wages for government employees will include only that amount which the government considers defensible socially and economically. Cost increases over that framework will be met with measures which will increase efficiency and productivity or with "other types of savings," meaning that the activity will be cut back.

Municipalities and county councils should follow the same pattern. Taxes on which the government decides only get increased so that there will be enough money for the wage increases which the government has approved.

These ideas are not new. They are found as well in the paper "Den bistra sanningen" (The Grim Truth) which the current head of planning of the Finance Ministry, Klas Eklund, distributed shortly after the change of governments in 1982, and which is largely accurate today.

OECD, the organization for economic cooperation among the western industrial nations, wrote in its report on Sweden last week that it is important that "the connection between wages and employment in the public sector be made more clear" as a step in the effort to hold wage increases within defensible social and economic limits.

It is difficult to see how Feldt's signals mean interference in the right of free negotiations. The government is only talking about what social economics permits.

The parties know which framework applies. They are free to divide up the space--between more or fewer employees, between different categories of employees.

And since they can realize that a reduction of personnel or activities is the least appealing alternative, they get an extra incentive to increase the efficiency of their work.

Kjell-Olof Feldt furthermore waves a combination of the carrot and the stick to private employees also. The government explains that it is prepared to increase the wage margin for 1988 in relation to what is now in effect. That will happen by having an already decided increase in payroll taxes be neutralized by reducing the general wage tax.

But that assumes that the parties in both the private and the public sectors conclude an agreement including the wage glide which contains "a very modest total increase in the wage level in 1988." If that condition is not met the parties will be punished with another increase in the wage tax.

Nor can that be seen as interference in freedom to negotiate. The government is merely telling the parties what they can gain by exercising restraint.

LO economists submitted a very similar idea in 1985. They recommended that the government should come up with a "measure for price reductions" (in the form of specific tax increases) as rewards to the parties if they held wage increases within the then current five percent framework.

Those making the proposal called it a "positive means of applying pressure."

The government, which has the dominant responsibility for the social economy, can not be prevented from applying pressure--whether it is positive or negative--on the parties in the labor market.

And the parties' documented ability to live up to their social economic responsibility is not such that they have reason to complain. That applies to both sides--employers mostly.

9287

CSO:3650/133

REVISED TRADE FIGURES REVEAL LOWERED SURPLUS IN 1986

Stockholm DAGENS NYHETER in Swedish 30 Apr 87 p 20

[Article by Jan Magnus Fahlstrom: "5.9 Billion During 1986--Reduced Surplus in Overseas Businesses"; first paragraph is DAGENS NYHETER introduction]

[Text] Weakening of the Swedish balance of payments toward the end of 1986 was greater than previous information had indicated, according to a new report from the National Bank. The surplus in overseas business during the entire year is now said to be 5.9 billion kronor.

The balance of payments includes the total exchange of goods and services between Sweden and the outside world, including interest payments. The calculation of the surplus for 1986 has been adjusted downward step by step.

In the autumn business report it was considered to be at least 10 billion kronor. In its December report the Institute for Economic Research (KI) said it was 12.1 billion.

In the preliminary financial plan in January of 1987 it was reduced to 8.5 billion. In the beginning of March the National Bank said it was 7.6, and KI in its March report said it was 7.2 billion. At the end of March the National Bank reduced it to 6.7 billion.

That happened because the line item "yield of capital", which includes interest payments to and from Sweden, created a bigger deficit than previously calculated.

One Step Down

The amount of the 1986 surplus in the balance of trade is also 6.7 billion according to the revised financial plan which Kjell-Olof Feldt presented last Tuesday. But in its latest report dated the same day, the National Bank made yet another step downward to 5.9 billion.

Most of the difference is explained by the National Bank reducing the surplus in the trade balance during the last quarter of last year from 7.8 to 7.1 billion, and thereby increasing the deficit in the trade balance for that quarter by 0.7 billion.

The report confirmed that the trade balance was strengthened during the first quarter of 1986, but weakened during the last two. The final result for the entire year was still a big improvement, by 16.6 billion, from a deficit of 10.7 billion during 1985.

Fall in the Dollar

That happened because the surplus in the trade balance more than doubled, from 14.5 to 31.3 billion. That was entirely because the drastic fall in oil prices and the value of the dollar lowered import prices by about nine percent, while export prices fell by one percent.

But the net effect of these two favorable factors on last year's trade balance was therefore not as great as previous calculations had indicated.

9287

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EXTENDED TESTING OF CHERNOBYL EFFECTS

Sto:holm DAGENS NYHETER in Swedish 28 Apr 87 p 6

[Article from TIDNINGARNAS TELEGRAMBYRA: "National Board of Agriculture to Continue Analysis of Grass and Milk"]

[Text] Jonkoping. The National Board of Agriculture intends to continue this year to take samples of earth and grass in the areas which were the hardest hit by radioactive fallout last year. Milk will also be analyzed.

What will happen then is unclear. It depends to a certain extent on what the national value for cesium is going to be. Even if the existing low limit is retained there will hardly be any special measures taken as the result of taking samples, according to the agriculture board.

Until the result of this spring's tests are known the local agricultural authorities will be advised on what safety measures are appropriate.

Among other measures, mountain and forest pasturage should be avoided again this year for the animals to be slaughtered during the pasturage period.

9287

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INDUSTRIAL POLLUTANTS DESTROYING WEST COAST FORESTS

Stockholm DAGENS NYHETER in Swedish 29 Apr 87 p 6

[Article by Peter Sandberg: "Industrial Emissions Hit West Coast--Forest Kill Worse than on the Continent"; first paragraph is DAGENS NYHETER introduction]

[Text] Forest damage in western Sweden varies widely. The worst exposed are forests which are high and which receive a lot of industrial emissions. In certain areas the damage is worse than in West Germany.

This was asserted by Professor Leif Wastensson of Stockholm University.

He has developed a method of determining the degree of needle loss using aerial photography. Loss of needles is one of the typical damages caused by acid rain and air pollution.

Using this method they have set up a number of flying strips in different parts of Goteborg and Alvborg counties. From the aerial photographs the degree of forest kill can be determined and classified in one of five classes: 0-10 percent, 11-20 percent, 21-60 percent, 61-80 percent and 81-100 percent needle loss.

Worst Hit

"The worst hit area is a strip from Stenungsund-Trollhattan, in which about half of the forest has 30-60 percent needle loss or more," said Professor Wastensson.

In his version of the results Leif Wastensson compared it with an area in Baden-Wurttemberg in West Germany.

"The Stenungsund area has somewhat worse damage, while the damage in the Goteborg area is about the same as in the German area," said Leif Wastensson.

About a hundred forest owners in the Stenungsund area are now preparing claims for damages and lawsuits against industries in the area. They believe that Leif Wastensson's investigations show the connection between forest damage and industry.

Same Result

"We have not investigated the damages. But one can compare with an investigation by Assistant Professor Goran Peterson at Chalmers about ozone damage and the direct influence of substances from the petrochemical industries in Stenungsund.

"The areas which he believed should have the worst damage from an atmospheric chemicals standpoint were the ones that we found to be the worst damaged," said Leif Wastensson.

Investigations in West Germany now show that certain environmental measures caused some forest areas to become healthier. Therefore measures help. New and gloomy scientific observations show that damage to oak and beech, among others, is increasing rapidly.

Sick Broadleaf Trees

"It is tragic because a measure against forest kill was to create mixed forests. Now it appears that damage to broadleaf trees certainly comes later, but goes much faster than in evergreens," said Leif Stromqvist, who studied West German forestry for many years.

9287

CSO:3650/130

BRIEFS

INDUSTRIAL PRODUCTION INCREASE EXPECTED--Swedish industrial production will increase in the coming six months. That is predicted by the chief economist of Sparbankernas Bank, Hubert Fromlet. The bank's economic secretariat has interviewed 40 major industrial firms about their planned purchasing volume in the next six-month period. The firms have a total annual purchasing volume of over 100 billion kronor. Only a few of the firms queried predict a production decline. A clear majority see an increase ahead, primarily in the manufacturing and construction industries. [Text] [Stockholm DAGENS NYHETER in Swedish 30 Apr 87 p 20] 9287

CSO:3650/130

IRAN RENEGES ON OIL EXPLORATION AGREEMENT

Istanbul DUNYA in Turkish 24 Feb 87 pp 1, 11

[Text] Having already reneged on the cigarette production deal Iran reneged also on the 'Oil Exploration Agreement' signed with Turkish Petroleum (TPAO). Iran announced the cancellation of the agreement permitting TPAO to drill for oil in the Caspian Sea. During the meeting in Istanbul between the Iranian delegation and TPAO, Iranian officials openly declared they did not want TPAO to drill for oil in the Caspian Sea.

The TPAO official appealed to the Undersecretary of the Treasury and Foreign Trade in connection with the Iranian action, stating that "the Iranian side has adopted an inexplicable stance in recent days. During the meetings in Istanbul, the Iranian side made it clear they no longer wished to abide by the protocol of 15 Aug 86 concerning oil exploration in the Caspian Sea."

This was to be the first time for TPAO to drill outside Turkey. The chance had arisen due to the war constraining Iran's capacity to drill and extract oil. TPAO made a bid for drilling and extracting in the Caspian Sea, and a protocol was signed last year. Now, with Iran reneging, the enterprise is suspended.

'Negotiations Continue' -- Altan

TPAO General Manager Czer Altan, told DUNYA, that the discussions were still on: "Our experts in Iran continue with the discussions. There is no definitive conclusion as yet." If and when the accord is reinstated TPAO will have the drilling rights, said Altan. Noting that oil is a risky business, he added: "We have our own calculations. Financial requirements are quite high and it is not even clear whether oil will be found or not. But we want to drill, and when we do find oil we have the technology to pipe it out."

Altan said that they had taken on this job with certain expectations. "If this thing gets off the ground it will be the first time for TPAO to drill and extract oil outside the country," Altan noted.

12466

CSO: 3554/201

USSR NATURAL GAS SALES TO OFFSET PAYMENTS TO TURKISH BUILDERS

Istanbul DUNYA in Turkish 17 Mar 87 p 11

[Text] Ankara--It has been disclosed that the natural gas to be bought from the Soviet Union will begin to be pumped in the last week of April.

According to the information obtained, the decision to begin pumping the natural gas in the last week of April was taken at Turkey's request. The officials stated that they will be conducting tests for a week after the gas begins to be pumped.

The protocol governing the pumping of natural gas to Turkey will be signed in Ankara on Thursday between a Soviet delegation and BOTAS [Pipelines and Petroleum Transport Corporation]. The protocol which will be signed after a week of talks with the Soviet delegation will regulate issues such as the method of pumping the gas, the amount of gas to be pumped and the needed distributing stations. During talks with the Soviet delegation, headed by Soyuz Gas Export Director General Artmasaev, the date of connecting the natural gas pipeline will be finalized.

The agreement between Turkey and the Soviet Union envisions the purchase of 750 million cubic meters of natural gas this year. It is planned to increase this amount to 1.5 billion cubic meters next year. Instead of paying for the gas in foreign currency, Turkey will sell to the Soviet Union merchandise equivalent to 70 percent of the cash value of the gas bought. In addition, the projects built in the Soviet Union by Turkish contractors will be partially paid for by the cash equivalent of the gas purchased from the Soviet Union.

9588

CSO: 3554/216

NEW EEC ENVOY ARRIVES

Istanbul TERCUMAN in Turkish 5 Feb 87 p 6

[Text] Ankara--Johannes Pieter Van Rij arrived with his spouse in Ankara yesterday to replace Gwyn Morgan as the head of the EEC's liaison office in Ankara. His arrival marks an optimistic development at a time when there are persistent rumors about Turkey's full membership in the EEC. Meanwhile, Turkey signed an agreement with the EEC Commission in Brussels to upgrade the status of the EEC liaison office in Ankara.

In the past the EEC office in Ankara had the status of liaison office and Gwyn Morgan, the head of the office, had highly restricted diplomatic representation powers. Yesterday's Brussels agreement "on the status of the office of the European Communities Commission in Ankara" upgrades the status of the office to a "representative office" and the status of the official heading it to what is known as "charge d'affaires" in diplomatic language. The agreement also envisages the expansion of the EEC mission's staff in Ankara. The EEC will thus have a delegation in Ankara with full diplomatic status just like in the capitals of other EEC nations. Coming at a time when Turkey has insistently told the EEC that it intends to apply for full membership in the Community, this development is interpreted in Ankara as at least a highly explicit display of good will by the EEC Commission with regard to Turkey's full membership in the Community. Foreign Ministry officials expressed this sentiment by saying that "the appointment of a new representative with an upgraded status within the framework of developing relations is gratifying."

The new EEC representative, Van Rij, has previously served as director general of transportation, first secretary responsible for economic affairs and trade, counselor to the ambassador and deputy delegation head at the EEC legations in Brussels, Ottawa and Tokyo. When he arrived at Esenboga Airport, Van Rij declined to respond to reporters' questions saying that he has "not yet presented his credentials." When the new EEC representative, who is 59 years old, married with three children and a Dutch national, was asked to whom he will present his letter of credentials, he replied: "I do not want to make any comments at this time." However, it is believed that the new representative will present his credentials to Foreign Minister Turgut Halefoglu.

9588

CSO: 3554/198

EEC APPAREL EXPORT QUOTA DISTRIBUTION CHANGED

Istanbul DUNYA in Turkish 25 Feb 87 pp 1,11

[Seda Oguz report]

[Text] The distribution of "past performance" quotas for finished apparel and garment exports [to EEC countries] begins tomorrow. This year, it has been decided to base the quotas 75 percent on sales in individual countries and 25 percent on sales in the entire EEC.

When some major categories in the 40-percent free category quotas—which were distributed at the beginning of the year—ran out immediately, representatives of Finished Apparel and Clothing Exporters' Associations in Istanbul, Izmir and Cukurova met with officials of the Undersecretariat of the Treasury and Foreign Trade 2 days ago and obtained decisions favorable to the demands of the sector. The distribution of past performance quotas which begins tomorrow is the result of those decisions. Implemented first in 1986, the past performance quotas were based 100 percent on sales in the entire EEC. In contrast, this year the quotas will be based 75 percent on sales in individual EEC countries and 25 percent on sales in the entire EEC.

Meanwhile, representatives of the said three exporter associations will meet at the headquarters of the Textile Exporters' Association today to discuss the implementation of the said decision and the issue of pardoning exporters who lost their security bonds because of their failure to realize their export quotas last year. At today's Executive Council meeting, the form and scope of the proposed pardon will be determined.

Sirri Gultekin, the president of the Finished Apparel and Clothing Exporters' Association, said that in some of the free categories exports to the EEC have completely stopped because those quotas in those categories were filled very rapidly. He added: "The early distribution of past performance quotas will help to open up the blocked categories. An exporter who has received a quota for 8 or 9 months will be able to realize his exports within a definite program framework." Sirri Gultekin said the following with regard to the allocation of past performance quotas in this year's implementation: "This year, past performance quotas will be based 75 percent on sales to individual countries and 25 percent on sales in the entire EEC. This year's implementation is different from last year's because last year's

implementation of basing the quotas 100 percent on sales in the entire EEC produced certain drawbacks. Every exporter has clients he has developed through many years of hard work. These exporters must direct their sales to the countries with which they have connections. An exporter who has in the past exported to Germany and has been given an EEC quota cannot export to Germany once his quota for Germany is filled. Our entire objective is to prevent a break between the exporter and his customers. As is known, it is very hard for an exporter to find new markets."

9588

CSO: 3554/198

BUSINESS SUPPORT FOR EUREKA URGED

Istanbul DUNYA in Turkish 17 Mar 87 pp 1,11

[Text] Ankara—The Turkish Union of Chambers and Exchanges [TUCE] had a busy day yesterday. A meeting entitled "Eureka" was held at the organization's headquarters with the participation of TUCE President Ali Coskun, Minister of State Tinaz Titiz, members of the Turkish Executive Council of the International Chamber of Commerce and the Turkish representative of the Eureka project, Professor Nejat Ince. Members of the Turkish Executive Council of the International Chamber of Commerce met separately yesterday.

Speaking at the Eureka (European Agency for Research Coordination) meeting, TUCE President Ali Coskun said that Turkish businessmen are as much aware of their social responsibilities as their economic and technical responsibilities and that they are going to do what is expected of them with regard to Eureka.

Minister of State Titiz expressed the hope in his speech that "the business community which is trying to adapt to free market conditions will help on the Eureka issue from now on." He also noted that Turkey is a country which can benefit most from the Eureka project.

Stating that Turkey's objective must be to gain maximum benefit from the Eureka project, Titiz said in brief:

"The European countries formed this umbrella organization to combat mounting competition from the United States and Japan. They formed this organization to ensure coordination in technology. We want you to tell us your demands, criticisms and proposals on the Eureka project. We are asking you to provide more assistance."

After the speakers finished their addresses, Eureka's representative in Turkey, Professor Nejat Ince briefed the participants on the project. Professor Ince talked about the goals of Eureka, the difficulties Turkey has encountered on this issue, the government's approach to the project and the assistance expected from the business community.

9588

CSO: 3554/216

TRADE RELATIONS WITH YUGOSLAVIA INCREASE

Istanbul DUNYA (Supplement) in Turkish 26 Feb 87 p 4

[Excerpt] The volume of Turkish-Yugoslav trade has risen since its lowest point in 84 to reach over \$100 million during both 85 and 86. But looking at our export figures it would be safe to say that the rise is largely due to imports from Yugoslavia. Indeed, our exports topped \$40 million in only 85, and looking at the figures for the first 10 months it looks as if the 86 total will remain below \$40 million. On the other hand, our imports from Yugoslavia increased from the \$20 million range in 82 to over \$100 million in 86, a fivefold rise. Trade figures between the two countries are shown in the table below.

Yugoslav trade figures show exports to Turkey having an 8/1000 ratio, while the ratio for imports from Turkey is 3/1000. The most significant items exported to Turkey are, in order of magnitude, sawed pipes, telephone equipment parts, cable carriers and meat. In addition there are the various chemical products, paper and cardboard, cellulose leafs, automotive spare parts, furnaces. As for our exports to Yugoslavia they are, in order of magnitude, cord textiles, chromium, cotton and cotton yarn, oils and fuels, borax ore, manganese ore, antimony and fresh fruits.

In 84 barter trade between the two countries was \$3.6 million, in 85 this increased to \$8.2 million, constituting 6.5 percent of the overall trade. Another notable factor is that Yugoslavian exports are financed by credit whereas imports are pre-paid.

Among the measures to improve economic relations between Turkey and Yugoslavia, the following can be listed: Technology transfer, joint ventures in Third World markets, and making use of free zones. For instance, it is possible for Yugoslav trading companies to participate in mining research (mining being one area in which we have considerable resources), and instead of

importing from other countries buying some of the commodities from us, with better conditions. Similar measures can be taken in the food industry.

In both countries there are regulated free zones. Within the free zones, apart from commercial activity, it is possible to engage in production. Thus it could be to the benefit of both countries to establish joint production units in Turkey targeting Western European markets.

Among instances of cooperation can be cited: Joint production of parts for telephone exchanges and the BEKME hydro power project in Iraq during 85. Such cooperation has been maintained during 86 as well, with new projects introduced.

TURKISH-YUGOSLAV TRADE FIGURES

(\$ MILLION)

<u>YEAR</u>	<u>OUR EXPORTS</u>	<u>OUR IMPORTS</u>	<u>BALANCE</u>	<u>TOTAL VOLUME</u>
1980	28.3	65.9	-37.6	94.2
1981	26.4	41.1	-14.7	67.5
1982	28.9	21.0	+7.9	49.9
1983	21.3	23.0	-1.7	44.3
1984	23.3	47.6	-24.3	70.9
1985	41.3	84.6	-43.3	125.9
1986*	16.5	94.0	-76.5	110.0

* 10-monthly figures

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CSO: 3554/212

ISLAMIC TRADE FINANCING SYSTEM TO BECOME OPERATIONAL SOON

Istanbul DUNYA in Turkish 17 Mar 87 pp 1,11

[Text] Ankara--The medium-term trade financing mechanism established by the Islamic Development Bank to promote trade among Islamic countries will become operational in the next few months. Turkey played a guiding role in the establishment of the credit mechanism and formulated the model for the system.

At Turkey's initiative, the Islamic Countries' Permanent Committee on Economic and Trade Cooperation--which is currently headed by President Kenan Evren--assigned the task of formally setting up the mechanism to the Jiddah-based Islamic Development Bank.

According to information given by Ahmad Muhammad Ali [no title given as published], Turkey will contribute the most, namely 60 million Islamic dinars (\$66 million), to the operating capital of the trade financing system. Turkey is followed by Saudi Arabia with 25 million Islamic dinars, Pakistan with 6 million Islamic dinars, Egypt with 5 million Islamic dinars and Tunisia with 3 million Islamic dinars. Morocco, Jordan, Somalia, Uganda, Gabon, Malaysia, Niger, Senegal, Bangladesh and Sudan will each contribute 1.5 million Islamic dinars to the system. With a contribution of 150 million Islamic dinars by the Islamic Development Bank on the top of the 114 million Islamic dinars contributed by 15 countries, the medium-term trade financing mechanism will become operational with a capital of 264 million Islamic dinars (approximately \$300 million). It is envisaged to raise the capital of the mechanism to \$600 million by procuring an additional amount of \$300 million from international financial markets.

Ahmad Muhammad Ali said the following about what is planned for the system in the future:

"Now at least 10 of the participating countries must pay the first installment of their contribution and must form their national organizations responsible for this mechanism in order to make the system operational. I have already sent a note to the participating countries on this issue. The first installment will be one-sixth of each country's total contribution. Hopefully, the system will become operational soon."

9538

CSO: 3554/216

1986 TRADE DEFICIT FIGURES DISCLOSED

Istanbul DUNYA in Turkish 17 Mar 87 p 1

[Text] Ankara--The foreign trade deficit for 1986 totaled \$3,684 million. While exports declined to \$7,456.7 million by 6.3 percent compared to the previous year, imports declined by 2.1 percent to \$11,104.7 million. In 1985, imports totaled \$11,343.3 million while exports added up to \$7,958 million.

According to data published by the State Statistics Institute [SSI] yesterday, in December 1986 exports grew by 6.8 percent compared to the corresponding month of 1985 and rose to \$864.8 million while imports declined by 0.5 percent to \$1,081 million.

In 1986, 65.8 percent of imports came from OECD countries and 57.6 percent of exports were sold to these countries. Accordingly, imports from OECD countries totaled \$7,304.4 million and exports to these countries amounted to \$4,292.2 million. Exports to EEC countries grew by 4.5 percent compared to 1985 and imports from these countries expanded by 28.7 percent. In dollar terms, exports to EEC countries totaled \$3,263.1 million while imports from these countries amounted to \$4,564.9 million.

As the trade volume with OECD countries grew, trade with Islamic countries shrank.

In 1986, imports from Islamic countries declined by 42.9 percent compared to 1985, while exports to these countries shrank by 23.5 percent. Totaling \$2,137.4 million, imports from Islamic countries constituted 19.3 of total imports, while exports to Islamic countries formed 34.9 percent of total exports with a total value of \$2,606.3 million.

Decline in Industrial Exports

In 1986, exports of industrial goods declined by 1.2 percent compared to the previous year. Meanwhile, imports of investment goods recorded the biggest growth with a rise of 33.5 percent over 1985. According to SSI figures, exports of industrial products totaled \$5,324.5 million while agricultural exports rose by 9.7 percent over the previous year to \$1,885.6 million.

In imports, raw material imports declined by 14.8 percent to \$6,674.4 million. Imports of investment goods expanded by 33.5 percent to \$3,474.2 million. In addition, imports of consumer goods rose by 5.7 percent to \$956 million.

Table I. Development of foreign trade over the last 10 years (in million dollars)

Year	Imports	Exports	Deficit	Volume
1977	5,796	1,753	4,043	7,549
1978	4,599	2,288	2,311	6,887
1979	5,069	2,261	2,808	7,330
1980	7,909	2,910	4,999	10,819
1981	8,933	4,703	4,230	13,636
1982	8,843	5,746	3,097	14,589
1983	9,235	5,728	3,507	14,963
1984	10,757	7,134	3,623	17,891
1985	11,343	7,958	3,386	19,302
1986	11,105	7,457	3,648	18,562

Table II. Share of EEC, Islamic and socialist countries in exports and imports (in million dollars and percent)

Country Group	Exports			Imports		
	1985	1986	Percent change	1985	1986	Percent change
EEC	3,133	3,263	4.1	3,547	4,565	28.7
Islamic	3,408	2,606	-23.5	3,745	2,137	-42.9
Socialist	368	430	16.8	719	966	34.4
Other	1,048	1,587	51.4	3,333	3,436	3.1
Total	7,958	7,457	-6.3	11,343	11,105	-2.1

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CS0: 3554/214

ROAD CONSTRUCTION PROJECTS DETAILED

Istanbul MILLIYET in Turkish 17 Mar 87 p 4

[Text] Ankara--In the last 3 months, \$1.4 billion has been secured in foreign loans for highway construction which has become the new locomotive sector of the economy. Meanwhile, work to establish a fund to meet the domestic financing needs of investments in this area from extrabudgetary sources has reached its final stages.

Foreign loans of \$1,384.5 million designated for the construction of highways totaling 326 kilometers took effect in the period extending from mid-December to mid-March.

One important factor in the shift of priorities to investments in the transportation area was the ability of Turkish contracting firms to invest at low cost with their existing equipment inventories following their declining prospects overseas. Other factors that prompted the acceleration of highway projects include the direct influence of such investments on economic invigoration and the more favorable conditions for borrowing in international markets.

Meanwhile, work to establish a fund within the Ministry of Transportation in order to protect these projects--whose foreign financing and foreign exchange needs have been settled--from being hobbled by shortages in domestic financing has reached its final stages. The fund, which will be financed through surcharges collected on transportation services, will be used only for transportation services.

New Highways

Project	Length (kilometers)	Loan Amount (thousand dollars)	Agreement Date
Kinali-Sakarya	216	551	5-10-85
Gerede-Ankara	263	430,463	12-16-86
Gumusova-Gerede	121	188,511	1-29-87
Edirne-Kinali	150	287,232	2-25-87
Kazanci-Gumusova	37	68,364	3-5-87
Tarsus-Pozanti-junction- Adana-Toprakkale	250	360,000	March 87
Izmir-Torbali-Aydin, Denizli-Aydin	270	350,000	Under negotiation
Tarsus turnoff-Pozanti	52	Bidding process under way	
Izmir-Urfa-Cesme	80	Bidding process under way	
Izmir-Salihli	90	Bidding process under way	

9583

CSO: 3554/216

PRINCIPLES SET FOR PRIVATE PRODUCTION OF ELECTRICITY

Istanbul DUNYA in Turkish 24 Feb 87 pp 1, 11

[Text] Regulations came into effect concerning the production, transmission, distribution and selling of electricity by companies, domestic and foreign, other than the Turkish Electricity Authority (TEK) in certain designated areas. Accordingly companies engaged in electricity production will be issued permits running as much as 99 years.

The regulations allow the production, transmission and distribution of electricity within designated areas to cover all or some of these activities. Short-term and long-term investment programs as well as operation procedures within designated areas will be devised in accordance with the overall electrification plan (conceived by SPO and the Ministry) as well as the needs of adjacent areas and the whole country. It will then be endorsed by the Ministry and put into effect.

In energy exchanges between designated areas the guiding principle would be most optimal country-wide use of energy resources. The reserve system will be conceived in similar fashion. Companies will abide by ministry - endorsed operational procedures and investment plans, adjusting their own investment programs to the larger picture.

In the case of investment projects not specified within companies' programs but seen, by the Ministry, as necessary from an overall perspective, the Ministry will ensure that such investments are undertaken singly or jointly by designated companies, production companies, public enterprises and organizations. The Ministry will set the guidelines for the production, transmission and distribution of energy in line with overall energy and economic policies of the state. Within the framework of those guidelines coordination among designated firms, production firms,

state organisations and enterprises will be secured by TEK. The companies, state organisations and enterprises will abide by directives issued by TEK. Annual production figures will be programmed by the ministry having the overall economic responsibility. TEK will be responsible for the security and consistency of the national system as well as revisions that may be required from time to time. The designated firms will abide by the changes introduced by TEK in the hourly, daily, weekly and monthly schedules.

Lighting of avenues, streets, beltways, squares and parks will be undertaken by the designated companies in line with the guidelines stipulated by the Ministry. Energy conservation will be a high priority, and companies will try to meet energy needs in their designated areas with the proviso that it is specified in investment programs. Transmission and distribution facilities not specified in investment programs will be installed if there is a need for them, after endorsement by the Ministry which oversees construction specifications as well.

Rates charged by the companies will be subject to the Ministry's ratification. In determining the rates the following factors will be taken into account: Investments undertaken by the companies, particularly unpaid or deferred portions; interest and exchange rate differential payments; operation and maintenance costs; payment for energy purchased from elsewhere; a 'reasonable' dividend to be paid in line with market conditions; legal costs and similar expenses.

Control

Designated areas and all related activities will be subject to the control of Ministry of Energy and Natural Resources, and operational procedures may be scrutinized by former operators of the installations to check whether appropriate procedures are being followed. The Ministry will inform the company of any shortcoming that may have been spotted. If the company fails to rectify the problems sanctions contained in the contract will be brought to bear.

Expiry of Operational Permits

The regulations stipulate that upon the expiry of operational permits companies would have to transfer all production, transmission, distribution facilities and the immovables, along with rights pertaining to them, in full working order and devoid of any debt or obligation to relevant organisations.

Transfer of Operational Permits

In accordance with the contract signed between the former operator and the newly designated company, within the framework set by Council of Ministers, the new company will be responsible for the operation of the facilities. Technical and economic factors will be taken into account in the annual setting of transfer fees. These fees will be paid to the former company when energy bills are collected. Fixed installations, vehicles and equipment that have been transferred by public enterprise and organizations will have to be insured by the new company at the rate operative at the time of the transfer.

Applications

Interested companies will specify the following in their application to the Ministry: The type of service to be offered -- production, distribution, transmission, or selling; intended duration of service; amount of capital involved; transfer procedures and investment programs of the facilities owned by former operators. This information will be submitted in the form of a report. Upon receiving the report the Ministry will undertake the necessary initiatives in determining which facilities are to be transferred, having consulted the relevant organizations. If the application is deemed proper then the applicant will present a feasibility study to the Ministry. The application will then find its way to the SPO for endorsement, and then to the Prime Ministry to be eventually submitted to the Council of Ministers. A contract will then be signed with the designated company.

12466

CSO: 3554/201

PRIVATIZATION DEFENDED AS ECONOMIC, NOT POLITICAL NECESSITY

Istanbul DUNYA in Turkish 24 Feb 87 p 9

[Interview with Dr. Gurkan Dumlu by correspondent Sernur Karagoz; date and place unspecified]

[Text] Dr. Gurkan Dumlu argued that the privatization issue should be approached carefully and in a pre-planned fashion, conscious of existing alternatives and in an unhurried manner, reviewing the decisions constantly. And privatization should not be viewed as a strictly political matter. Dr. Dumlu said: "From a scientific and rational perspective, privatization should be viewed as a measure for giving an orientation to Turkish economy by the year 2000 and beyond, and as a target to be reached." Here is our conversation with Dr. Dumlu on Sumerbank and privatization:

[Question] You are someone intimately involved with privatization. How do you define it and how should it be conducted?

[Answer] The goal of establishing public enterprises 50 years ago was to give the state a pioneering role in the formation of an industrial society, taking the first step toward reaching the level of contemporary civilization. So in retrospect we see the policies of the Ataturk era as appropriate and rational. But now, as we are heading towards the year 2000 and beyond there have been many changes in market economies as well as the concept of modern management. Naturally, state enterprises would have to be part of this transformation and renew themselves. But this is not always possible considering the bureaucratic framework in which they operate as well as the durable presence of politics however hard one might try to stay away from it.

Reforming Sumerbank

Let's take Sumerbank which is part and parcel of public life, and an extremely interesting case study. Sumerbank reform may well be seen as the single most progressive move in the whole context of the SEEs. It is indeed fortunate to have people like Mr. Tapan to head such a historically significant institution. He is a man of extraordinary qualities, a rare and charismatic individual. It is not every day we come across people like that in our country. We certainly need more people of this caliber at strategic decision-making levels. Unless a Mr. Tapan is found for every single SEE, it won't be possible for middle-level managers in those enterprises, however good they may be, to make significant impact given the constraints they are operating under. There remains no solution other than urgent privatization to ensure that they are managed by up-to-date methods and find their appropriate niches in the economy.

[Question] What are the basic principles of privatization?

[Answer] That is quite simple. Letting the SEEs find their true niches while ensuring the dynamism of the economy, a rational relationship among sectors, lifting the huge bureaucratic and financial burden off the state, spreading ownership in a way that improves the distribution of income. This means that the privatization process is in need of much preparation beforehand. In this process certain methods, which are outside the usual mode of managing the SEEs, would have to be used in order to rehabilitate them and ensure their adjustment to the new environment -- open to the market economy and to competition. They would then be presented to prospective buyers with their detailed characteristics -- financial, technical, manpower -- thus facilitating sale of their shares. All this means that privatization requires careful planning, weighing of alternatives, and lots of time. It is a process which requires continuous reviewing. Take the example of Sumerbank. Though considerable success has been had with limited financial resources, capital requirements of a giant like Sumerbank is huge even when compared to its present capital assets. Therefore when dealing with privatization one has to face the question of capital formation squarely, and let the public know all about it.

[Question] How do you view Sumerbank's privatization?

[Answer] In the 18 Feb issue of your paper, in an article concerning Sumerbank and privatization, there have been references to me as well. I therefore would like to clarify a few points regarding where I stand on the subject. An enterprise

like Sumerbank sustains a widespread network of interests built over time. That is quite natural. During the tenure of the present management unquestionable integrity was paramount despite what is said in the press. In such a situation, while one is intent in achieving something one also has to consider public image or public perception. In fact, this image problem may even stall the internal reforms. Therefore certain popular initiatives undertaken by Sumerbank should not be seen as mere cosmetics but as measures to stay afloat while accomplishing really important things. It would be difficult to say that Sumerbank has been able to secure the kind of financial support proportionate to its size during its time as a SEE. Therefore Mr. Tapan should be congratulated for achieving so much with so little. We need to protect these extraordinary individuals whom we so badly need. But to reiterate the point, even such rare qualities would not be sufficient to save the SEEs so long as they are under state ownership. In Sumerbank's privatization the preliminary stage has to be longer. And the process should be unfettered and reinforced with the current management philosophy. When determining Sumerbank's role within the economy it is necessary to delineate the areas quite clearly to avoid the danger of applying a uniform plan to sectors exhibiting different characteristics.

[Question] With the sale of Ordu Soya Oil to the cooperatives and Sumerbank Foundation, the government's ideas on privatization has become evident. Do you regard it as privatization?

[Answer] That the changing of hands at Ordu Soya Oil should be denoted as privatization is not only wrong in the academic sense but it could also prove harmful to the whole process of privatization which is a very important item on Turkey's economic agenda. Therefore, no concessions should be given from the principles and goals stated earlier, and the importance of patience should not be forgotten. But this should not be taken to mean that Ordu Soya Oil changing ownership is undesirable.

PHOTO CAPTION:

1. Who is Dr. Gurkan Dumlu?

Born in 54 in Bursa. After completing primary and lycee education, graduated as chemical engineer from Istanbul University. At Leuven University, Belgium, he obtained an M.B.A. and then a Ph.D. in Environmental Technology. He worked in multinational organizations, took part in NATO projects. Serving at TUBITAK for a while, Dumlu joined Sumerbank as marketing consultant and manager of its external trading section. Married, with one child, Dumlu speaks English, German and Flemish.

MINE OPERATORS COMPLAIN OF RED TAPE

Istanbul DUNYA in Turkish 25 Feb 87 p 10

[Text] Eskisehir—Mining companies operating in the Eskisehir area complained about bureaucratic red tape and said that the government must find a solution to their problems without delay.

Sabri Ispalarli, a mineral exporter who has been operating magnesite mines in Eskisehir and Kutahya since 1961, said that although it has been 1 and 1/2 years since the new Mines Law went into effect the provisions of the law have not yet been implemented. He added: "Bureaucratic red tape has increased 100 percent since the enactment of the new Mines Law." Stating that 7,000 applications were filed for the 28,000 areas approved for mining, Ispalarli said that to this day these applications have not been reviewed and licenses have not been issued.

Erdogan Turhan, the owner of Kromis Mining Company which operates in the same area, said that the new Mines Law has some obvious flaws and added: "Mineral exploration licenses must be allocated on the basis of mineral type." Noting that if there two types of minerals on a given mineral exploration area a person or company will explore for the mineral it knows about and the other mineral will remain unutilized, Turhan said that it would be more efficient to determine the types of minerals in a field before licenses are granted.

Flaws in New Mines Law

Magnesite miner Sabri Ispalarli stated that the new Mines Law (No. 3213) allows for the issuance of licenses for the exploration of all minerals in a given mining area and that this is impossible for a company. He added that mining companies explore for minerals in a given field as far as their financial means permit and that the barring of others from exploring in the same field means that national resources will be wasted. Ispalarli continued:

"The old Mines Law (No. 6309) imposed a limit of 2,000 hectares on all mining fields. The new law removed this restriction. If you have the money you can have for yourself all of Turkey's mineral reserves with a single application. This is a very unproductive system for exploiting the country's mineral resources. This will cause many minerals to remain underground.

"The old Mines Law required only a nominal fee for obtaining a license. The new law, on the other hand, requires up-front cash payments of 250 Turkish lira per hectare for exploration and 1,000 Turkish lira per hectare for operating licenses. The collection of these fees in cash even though the law does not stipulate it is a heavy burden for miners."

Financing Problem

Expressing the belief that Turkey's mineral resources may play a major role in its development, Erdogan Turhan said that a mineral products office established and subsidized by the government could offer loans and guarantees to miners and help increase production by providing markets. Turhan said: "Such an office must act as an export clearing-house for minerals mined by all miners."

Kromis owner Turhan gave the following information regarding minerals mined in Eskisehir and the problems encountered:

"Financing ranks first among the general problems of mining. There are no sources of credit for miners; miners are seen as adventurers, and loan organizations do not wish to take the risk of not finding the estimated mineral reserves in a given mine. On the other hand, we must admit that the general state of mining knowhow is inadequate and that there are individuals who go into this business as an adventure. Beside the financing problem, factors which are impeding the progress of the mining industry include the formalities involved in the procurement of explosive materials and the high cost of permits for clearing wooded and forested areas.

"There are high-grade magnesite ore beds near Eskisehir, and magnesite is essential for heavy industry. Magnesium compounds and alloys are used in chrome-magnesite bricks, drugs for stomach ailments and various branches of industry. When magnesium is extracted from magnesite ore it can be used to manufacture magnesium alloy steels. When alloyed with aluminum, magnesium is used in the aircraft industry. The most important mineral beds in Eskisehir are the magnesite ore beds.

"Perlite is one of the most interesting minerals discovered in the 20th century. One of the world's highest grade perlite ore beds is in the village of Kalabak in Eskisehir. However, because of Eskisehir's remoteness from ports and the high cost of highway shipping, miners—who already have financing and technical difficulties—are reluctant to invest in this mineral. If the government provides assistance to activate our currently unutilized perlite beds, this operation may become a major source of foreign currency revenue for Eskisehir as well as our country."

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CSO: 3554/198

NATIONAL AIRLINE TO BE BROKEN UP, NOT TO BE PRIVATIZED

Istanbul MILLIYET in Turkish 8 Jan 87 pp 2,12

[Text] Ankara—It has been decided to break up the Turkish Airlines [THY] into three companies and to turn over its charter and cargo operations to the Bogazici Aviation Corporation which is not a THY affiliate. THY was envisaged to be one of the first public corporations to be privatized in the government's privatization program.

HAVAS (Airports Ground Services Corporation) which will operate as a partnership affiliated with the State Airfields Operations (DHMI) Directorate General is the other company which will be set up with the break-up of THY.

Airbus Debts Blocked Privatization

The government canceled its plans to sell THY to private investors and decided to break up the corporation into three companies when difficulties were encountered in the privatization of THY because of its nearly 300-billion-lira debt resulting from its purchase of seven Airbus planes last year. Had THY been privatized with the said debt—which will not be repaid before 2000—the Treasury would have to take over the company's debts.

With the new arrangement, THY will remain an independent corporation, while the Bogazici Corporation and the HAVAS-DHMI partnership will be organized as two independent companies which will take over some of the present responsibilities of THY.

Personnel Problem

The break-up, in particular the formation of the partnership with DHMI, have raised questions about the status of the company's personnel. Some THY employees are classified as workers and their terms of contract are governed by collective labor agreements. THY and DHMI employees—whose personnel is currently subject to Law No. 657 on Public Servants—are reportedly concerned about what their status will be when such THY employees are transferred to the Bogazici Aviation Corporation and HAVAS.

The master plan for privatization drafted by the Morgan Guaranty Bank calls for the termination of excess personnel in state economic enterprises [SEEs]

through early retirement and incentives and compensation for voluntary resignations and predicts that using such methods nearly 150,000 SEE employees can be laid off.

Criticizing the cancellation of plans to privatize THY and the decision to break up the corporation into three companies, Murat Sokmenoglu, Correct Way Party deputy from Hatay, insisted that the planned implementation is illegal, that it will cause losses to the government and that THY will go bankrupt without its charter and cargo shipping business.

Sokmenoglu charged that the break-up operation was put into effect solely by the decision of the Higher Coordination Council for Economic Affairs in violation of the provisions of Law No. 233 on SEEs and that the government wants to realize this operation hastily and without taking any precautions.

Sokmenoglu also alleged that while the revised budget of THY at the end of December showed an operating profit of 12 billion Turkish lira, the government said its profit for 1986 was 24 billion Turkish lira.

Morgan Guaranty's master plan for the privatization of SEEs cited THY, USAS[Turkish Aircraft Industry Corporation] and TURBAN [Turkish Tourism Bank] as SEEs which could be privatized immediately. However, the latest decision on THY replaces plans for privatization with a reorganization which transfers of some of THY's services to other corporations and which establishes new partnerships to run some other services.

The transfer of THY's charter and cargo shipping services—which constituted one of the company's largest sources of revenue—to another company and the ending of THY's operations in this area will result in major financial losses to the company.

9588

CSO: 3554/198

OPPOSITION TO THERMAL POWER PLANT AT ALIAGA

Istanbul DUNYA in Turkish 25 Feb 87 p 3

[Text] Before the shock of losing the 'Izmir Free Zone' (to Gaziemir) had barely passed inhabitants of Nemrut-Aliaga have been subjected to another one -- the news that a thermal power plant is to be built in the area. Aliaga's MP mayor and district chairmen of SPP and CWP are united in opposing the building of a thermal power plant at Nemrut Bay, saying that this would turn Aliaga into another Gokova.

Mayor Irfan Onaran, referring to the relocation of the Free Zone from Nemrut Bay to Gaziemir, said, "The decision was made behind close doors, and it was changed behind doors as well," also claiming that it was made "under duress." Onaran said:

Certain people exerted pressure but I don't know precisely who they were. When I first heard of the rumors I went to see Deputy Prime Minister Kaya Erdem. The director in charge of the Free Zones had told me that a governmental decree to change the location had been submitted to his Office 3 times between July and Nov, being rejected every time. He told me that the matter rested "between the two lips" of Mr. Erdem. Upon bringing this to his attention Mr. Erdem said, "Where do they get such stories? There is no such thing." This was cause for relief at the time. I maintained faith until the very last moment but it didn't help much. The location changed.

SPP District Chairman Hakki Ulku and CWP District Chairman Servet Acikalin also expressed their opposition to relocation of the Free Zone to Gaziemir as well as the building of a thermal power plant in Aliaga. Ulku remarked that the decision comes "hardly as a surprise" given the broad context of MP policies, saying, "While we are trying to find ways and means to reinstate democracy, all MP is concerned with is distribution of patronage to supporters and placating dissenters."

SUBWAY TRANSIT SYSTEM TO CONNECT BOSPORUS SHORES

Istanbul DUNYA in Turkish 25 Feb 87 p 3

[Text] Istanbul—Greater Istanbul Mayor Bedrettin Dalan disclosed that the Bosphorus Subway Transit Project, which will be part of the project to alleviate Istanbul's traffic problem, will be contracted on a "build-operate-transfer" basis. Dalan also announced that the letter of intent given to the French firm Bouygues, which had made a bid to build the project, has been withdrawn.

Responding to questions on this subject, Mayor Dalan stated that the subway transit system to be built will cost approximately \$500 million to \$600 million.

Noting that other firms have also bid on the project—whose feasibility studies are continuing—Dalan said:

"Now we are going to invite bids on the project. We will not contract the project to different firms. We will invite bids on the entire project. After the feasibility studies are completed, bids will be invited and the project will be contracted in the second half of the year. We are planning to lay the cornerstone of the project this year. The subway project will be contracted on a 'build-operate-transfer' basis and will cost approximately \$550 million to \$600 million."

Mayor Dalan reported that the subway project will connect light metro lines to be built on the European and Anatolian shores of the city. Dalan said: "When the system goes into operation, a citizen boarding a tram car in Kartal will be able to commute to Levent or Atakoy in a short time without changing vehicles."

Dalan added that with the phasing in of the subway system, 30,000 automobiles will be removed from city traffic and that this will alleviate congestion on the Bosphorus Bridge.

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